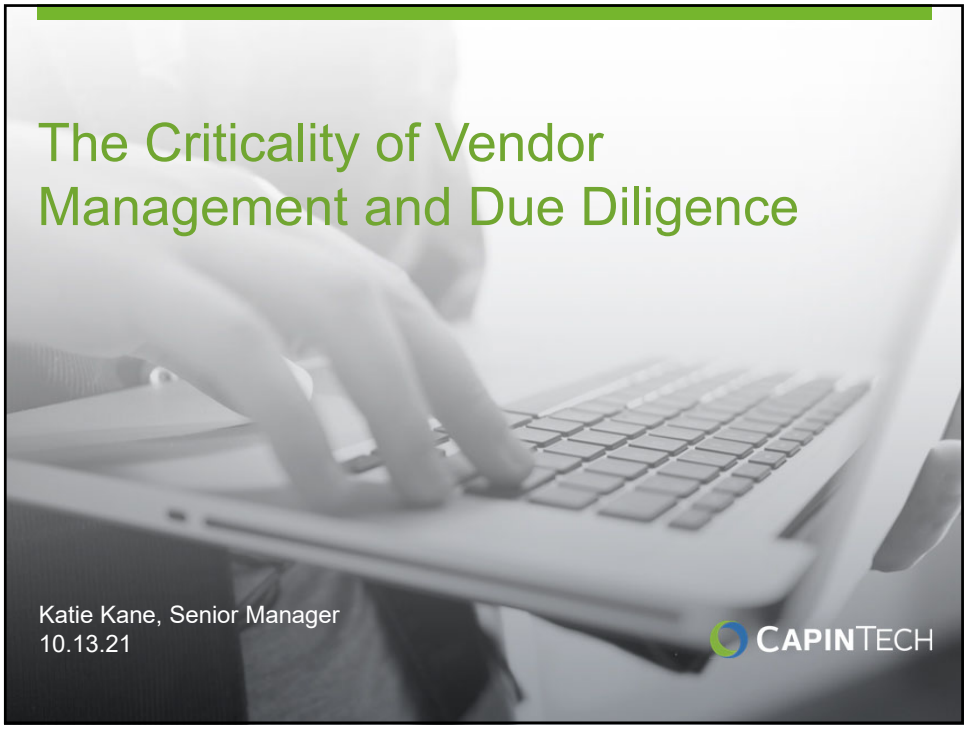
The Criticality of Vendor Management and Due Diligence



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10.13.21

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Polling Question 1

Do you want CPE?

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Why Is Vendor Management Important?

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Why Is Vendor Management Important?

- Location of data
- Ensure appropriate vendor security controls
- Mitigation of risks
- Breaches related to vendor security deficiencies
- Monitoring of services

zoom April 2020

- Video conferencing service
- Credential-stuffing attack
- Over 500,000 accounts were found for sale on the dark web and hacker forums
  - Email addresses, passwords, personal meeting URLs and host keys

GoDaddy

May 2020

- Web hosting site
- Unauthorized third party granted access to login credentials
  - Usernames and passwords exposed
  - Approximately 28,000 customers impacted

Cognizant

April 2020

- IT managed services company
- Ransomware attack resulted in compromise of names, SSNs, TINs, financial account information, DL numbers, and passport information
- Some customers experienced service disruptions
- Impacted work-from-home setups and provisioning of laptops

Vertafore — November 2020

- Insurance software firm
- Data breach resulting in compromise of personal data and DL numbers of over 27 million Texas residents
- Data stored in unsecured external storage service
  - Human error
  - Led to data being accessed without authorization

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solarwinds — December 2020

- IT management solutions provider
- Entered a backdoor in the SolarWinds software, causing SolarWinds Orion business software updates to distribute malware
- SolarWinds told customers to upgrade immediately
- Attacks thought to have begun as far back as October 2019, when the breach of SolarWinds occurred

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UBIQUITI NETWORKS

January 2021

- Network devices and IoT vendor
- Unauthorized access to database through third-party cloud provider
- Reported that an undisclosed number of records were affected (whistleblower indicated otherwise)
- Not certain that user data was exposed
  - Potentially names, email addresses, hashed/salted passwords, addresses, phone numbers

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Exchange

March 2021

- Widely utilized email platform
- Four flaws granted access to 30k+ U.S.-based organizations
- Range from small businesses to city governments
- Total remote control of affected systems

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April 2021

- Credit reporting agency
- Breach caused by an unsecured application programming interface (API)
- Exposed names, DOBs, and mailing addresses of millions of Americans

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July 2021

- IT solutions developer
- Supply chain ransomware attack
- Leveraged vulnerability in VSA software and pushed out an automated, fake, malicious update (Kaseya VSA Agent Hot-fix)
- Impacted managed service providers (MSPs)… and their customers (small/midsize)
- SaaS customers not impacted

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SPRINGHILL MEDICAL CENTER
Treating You Like Family

July 2019

- Mobile, AL hospital
- Ransomware attack led to the compromise of numerous electronic systems, including fetal monitoring systems
- Resulted in the medical staff not having timely notification of fetal monitoring results

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How to Implement a Successful Vendor Management Program

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Polling Question 2

Have you implemented a vendor management program in your organization?

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What Does Implementation Look Like?

- Develop an overarching strategy
- Perform initial due diligence
- Perform risk assessment of existing vendors
- Develop ongoing oversight
- Ensure appropriate management oversight

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Initial Due Diligence

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Initial Due Diligence

- Perform risk assessment
- Understand how relationship fits into strategic plan
- Perform cost-benefit analysis
- Perform review of critical areas
- Review contract
- Outline contingency plans for transition

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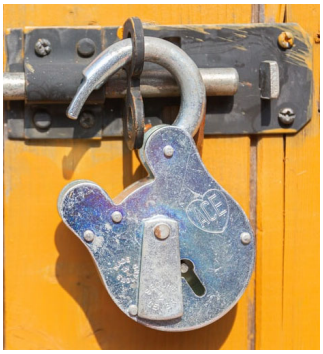
Risk Assessment

- Human element and staff exposure to sensitive data
- User access controls
- Brute force attacks
- Remote access
- Data location and security
- Identify mitigating controls



Risk Assessment

- Some considerations for cloud services providers:
  - Commingling of data
  - Ownership of data
  - Deconversioning (can you get your data?)

Review of Critical Areas

- Financial stability
- Security controls (e.g., policies, security audit reports, vulnerability assessments)
- Business continuity, disaster recovery, incident response, pandemic planning and testing
- Cyber insurance

Review of Critical Areas

- Cyber threat prevention
- Foreign data considerations
- Vendor management
- Compliance and licensing information
- Complaint resolution

Polling Question 3

Do you consider the third parties of your vendors when vetting new vendors or performing ongoing reviews of existing vendors?

Contract Review and Negotiation

- Breach notification
- Information security
- Confidentiality
- Services provided
- Language to mitigate risk
  - If they refuse it, what is the risk to you?

Management Oversight and Approval

- Prior to execution:
  - Presentation of risk assessment
  - Presentation of review or critical areas
  - Obtain management approval
- Contract execution
- Implementation

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Existing Vendor Relationships

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Existing Vendor Relationships

- Risk-rate each relationship
- Define frequency and content of reviews
- Request documentation from vendors
- Review and assess
- Summarize and report to management

Who to Include?

- Perform an inventory of all vendors utilized
  - Survey different departmental users
  - Review listing of vendor contracts
  - Review listing of vendors from Accounts Payable
  - Review systems included in annual user access review

Who to Include?

- Hosted applications (e.g., accounting, customer/donor database systems)
- Website hosting
- Online backup host
- Hosted email and email encryption
- Network support or MSP
- Foreign-based vendors

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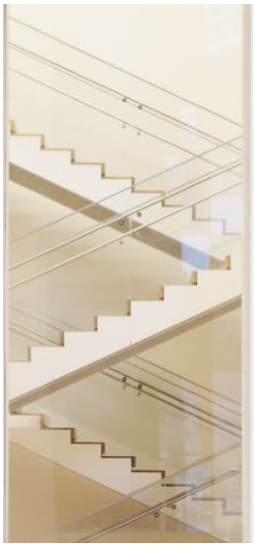
Define Risk-Rating Criteria

- Develop multiple tiers
  - Critical vs. significant vs. non-critical
- Consider several factors
  - Criticality of the relationship to operations
  - Sensitivity of the data hosted, managed, or accessed



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Questions to Determine Criticality

- What would happen if the vendor stopped providing services unexpectedly?
- What level of access does the vendor have, and how sensitive is the information?
- Where is the data hosted — in the United States or in a foreign country?

Questions to Determine Criticality

- Does the vendor have any access to the network or physical locations containing sensitive information?
- Is the service provided complex in nature?
- Are there heightened risks with the nature of the service provided?

When to Review

- Critical vendors – annually
- Others – based on criticality and risk
  - Ex: significant – every other year
  - Ex: non-critical – every 3 years

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What to Review?

- Critical vendors should have the most extensive review
- Review of significant vendors and non-critical vendors will depend on the level of service provided and the risk level presented to the organization

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Areas to Review

- Financial stability
- Security controls (e.g., policies, security audit reports, vulnerability assessments)
- Business continuity, disaster recovery, incident response, pandemic planning and testing
- Cyber insurance

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Areas to Review

- Cyber threat prevention
- Foreign data considerations
- Vendor management
- Compliance and licensing information
- Complaint resolution

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Review and Assess

- Review and assess documentation obtained
- Ensure controls and practices are in line with established organization standards
- If documentation not provided, determine if risk levels are within the organization's risk appetite

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Summarize and Report to Management

- Summarize review and identify areas of weakness
- Include details of information not provided
- Recommendation for continuation, modification, monitoring, termination, etc.
- Present to board or relevant management

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Polling Question 4

After what we discussed today, do you feel like you have a good handle on vendor management and due diligence?

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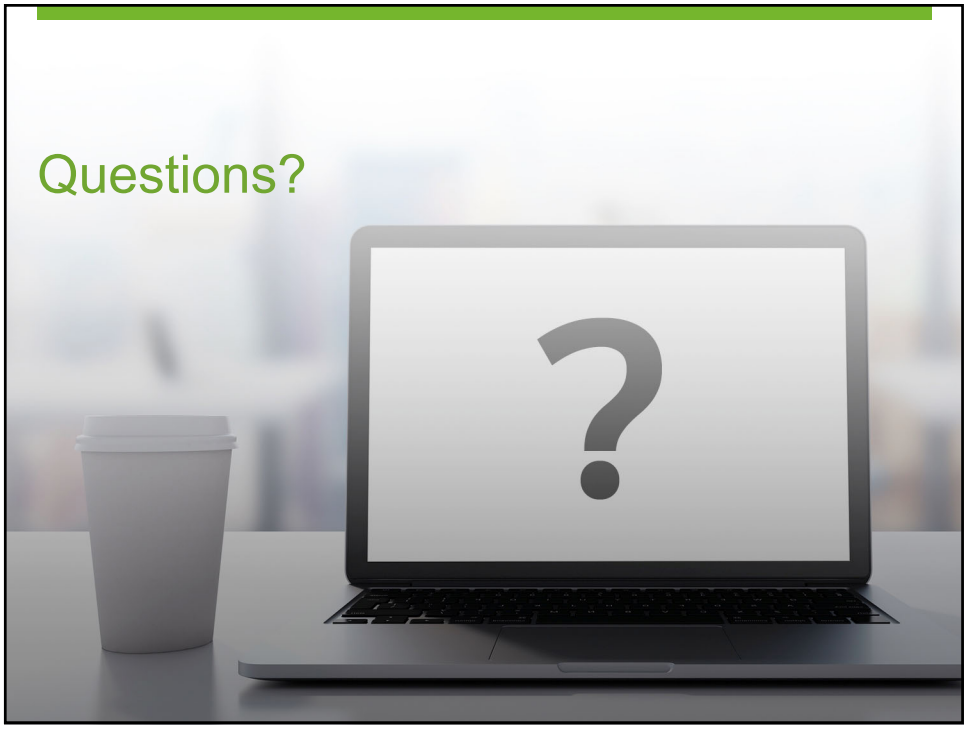
Questions?



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Thanks!

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