

# Ensure supplier integrity and streamline the onboarding process with continuous monitoring



## Business Impact

Most organizations fail to hold more than one internal audit and supplier check yearly. And supplier due diligence is performed sporadically. Only 24% say they do quarterly checks, while 21% say they only perform annual checks.

– Procurement fraud: A big problem that's worse than most organizations think. (Infographic)

## Challenges

- **Regulatory fines.** Inability to quickly and cost-effectively perform supplier onboarding and due diligence checks increases the likelihood of fines.
- **Untrustworthy suppliers.** Poor quality data scattered across siloed IT environments – and difficulty obtaining relevant data from external sources – lead to an incomplete view of suppliers.
- **Financial losses.** With ad hoc approaches and outdated technologies, it's hard to quickly identify suppliers that are upcharging or sending duplicate invoices.
- **Reputational damage.** Those that struggle to proactively identify potential compliance or sanctions risks are exposed to regulatory censures and reputational harm.

## The Issue

Every organization should know its suppliers. Beyond meeting policy requirements from legal, compliance, procurement and finance, knowing which suppliers you should or should not do business with is key to sound business operations. Lacking a fast, effective and consistent way to onboard and routinely monitor suppliers presents a high level of risk. Consider potential disruptions of the supply chain and customer service, the likelihood of reputational damages and the ramifications of regulatory actions.

Unfortunately, many companies are vulnerable to risk from fraudulent suppliers or simply from infrequent, less-than-optimal practices around supplier integrity. Many are too dependent on manual controls and basic rules-detection software, which are easily exploited and struggle to accurately process the quantity of data required. [A study from SAS](#) shows that only 24% and 17% use advanced analytics or artificial intelligence (AI) respectively in their procurement fraud efforts, even though these technologies could significantly improve results.

## Our Approach

To address legal and compliance requirements, organizations need a platform that automatically performs checks at the time of onboarding and on a periodic basis afterward. We deliver software and services to help you:

- Automate compliance and integrity risk assessments of suppliers, checking against lists such as PEP, SDN and World Check.
- Monitor suppliers' financial positions, such as shareholding structure and ratios that measure liquidity, profitability, etc., so you can quickly take corrective action if needed.
- Regularly obtain publicly available data changes from third-party reference data providers – financial data, pending legal cases, default data, noncompliance data, etc.
- Monitor ongoing compliance and score suppliers based on up-to-date profiles and other information.

SAS speeds time to value, drives down investment costs, boosts productivity and improves risk management across the supplier management and procure-to-pay cycle. We provide:

- **Real-time, continuous monitoring.** Predefined fraud scenarios combined with data management, proven models and rules uncover unusual supplier behavior, duplicate invoices and contract discrepancies - as well as ultimate beneficial owners, politically exposed persons, dual usage goods and more.
- **Automated processes.** Analytics rapidly identifies errors. Machine learning techniques continuously monitor for compliance, fraud and money laundering, and ensure you're notified of any red flags.
- **Risk scoring.** Just-in-time risk scores are created during onboarding and risk-weighted scores can be sent to procurement, legal and compliance teams. The supplier risk profile informs frequency of future verification checks. You can easily modify scoring algorithms to address unique needs of different departments or locations.
- **Data visualization.** You can view data in a variety of ways to get a clearer picture of actions you could take. Examine heat maps of suppliers to see multiple dimensions of risk, or visualize anomalies and the results of sensibility analysis.

### A national utility company

#### Situation:

This organization needed a way to quickly identify and address fraud, waste and abuse in a culture historically ripe with collusion. When a fraud incident at the utility was sensationalized by the media, it was a catalyst for change.

#### Solution:

Using advanced analytics, SAS consultants analyzed three to four years of procurement data across the enterprise – payments, invoices and orders. This included data on 17,800 suppliers, 25,000 employees and 700,000 payments. During this process, SAS analytics uncovered:

- Conflicts of interest in 10% of the employee workforce.
- Collusion between a known fraudulent supplier and employees affecting \$300 million in spending.
- Poor internal controls and policies along with weak inventory management procedures.

#### Results:

- An immediate savings of more than \$16 million in (unpaid) duplicate invoices.
- Proactive analytical insights throughout the supplier life cycle.
- Improved policy and controls that greatly reduced risk.

- Quickly identify potential sanctions risks across the supplier base through programmatic examination of multiple data assets.
- Speed and improve accuracy of supplier onboarding by eliminating manual due diligence activities.
- Unleash full business value from your corporate data environment and external assets with leading-edge data analytics, AI and machine learning capabilities.
- Cost-effectively support legal and compliance, procurement and finance from a single modeling environment built on AI and machine learning capabilities.

#### With SAS, you can.

### SAS Facts

- SAS is a Leader in the 2020 Gartner *Magic Quadrant for Data Science and Machine Learning Platforms*.
- SAS is a Leader in The Forrester Wave™: Enterprise Insight Platforms, Q1 2019.
- SAS provides advanced analytics and AI technology solutions for fraud and security initiatives at public and private enterprises across the globe.