



WHITEPAPER | THIRD-PARTY RISK MANAGEMENT

Navigating Third-Party Risk Management (TPRM) in 2025:

An Essential Guide for Securing Vendor Ecosystems

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Introduction

As businesses expand their digital ecosystems, third-party partnerships and vendor relationships are essential for maintaining a competitive edge. Yet, with these advantages come increased risks that can compromise not only the organization's data security but also its financial health and reputation. Third-party Risk Management (TPRM) has become a critical function, aiming to protect organizations from vulnerabilities introduced by vendors, suppliers, and other external partners.

In 2025, the need for robust TPRM has never been more urgent. Recent high-profile breaches involving third-party vendors highlight the ongoing challenges organizations face in managing and mitigating these risks. This white paper will examine the current landscape of TPRM, outline recent vendor-related breaches, and explore the best practices that organizations can implement to enhance the resilience of their third-party risk management programs.



The Current Landscape of Third-Party Risk Management

Increasing Connectivity and Complexity

Today's organizations rely on an intricate web of third-party vendors, suppliers, and partners to provide a range of services, from IT infrastructure and data management to customer service and logistics. However, each external relationship introduces potential vulnerabilities that attackers can exploit. According to a recent survey by PwC, 64% of businesses use third-party vendors for mission-critical activities, underscoring the importance of these

relationships but also the risk they introduce.

As these partnerships grow more complex, the risks associated with them are evolving. Vendors often require access to sensitive systems and data to perform their functions, making them prime targets for attackers seeking indirect access to otherwise secure organizations.

The Regulatory Landscape and Financial Consequences

In recent years, regulatory bodies worldwide have tightened their scrutiny of third-party risk management practices, imposing strict guidelines and hefty fines for non-compliance. The General Data Protection Regulation (GDPR), Health Insurance Portability and Accountability Act (HIPAA), and other regulations hold organizations accountable not only for their own security practices but also for those of their vendors. In the event of a breach involving a third-party,

companies may face significant fines, legal liabilities, and reputational damage.

According to Gartner, 60% of organizations will be required to manage third-party relationships under regulatory scrutiny by 2025. This trend highlights the critical importance of a proactive TPRM strategy that goes beyond compliance to mitigate risks effectively.

High-Profile Vendor-Related Breaches: Lessons from 2024

Several breaches in 2024 have underscored the ongoing challenges and risks associated with third-party vendors. These incidents provide valuable

lessons for organizations aiming to strengthen their TPRM programs.



Example 1: Vendor Breach at a Global Financial Institution

In early 2024, a global financial institution suffered a data breach that exposed the sensitive information of millions of clients. The breach occurred when attackers exploited a vulnerability in a third-party data processing vendor's system, gaining access to financial data and customer records. This incident not only led to immediate financial losses but also resulted in regulatory investigations and a class-action lawsuit. It serves as a stark reminder of the importance of rigorous vendor due diligence and continuous monitoring, particularly for vendors with access to sensitive financial information.



Example 2: Healthcare Provider Breach through IT Services Vendor

In another high-profile incident in 2024, a leading healthcare provider experienced a breach involving a third-party IT services vendor. Attackers compromised the vendor's network, allowing them to move laterally into the healthcare provider's systems. Sensitive patient records, including health histories and billing information, were exposed. This incident led to significant reputational damage and regulatory fines for the healthcare provider, highlighting the need for stringent security measures and thorough risk assessments when onboarding and managing vendors in regulated industries.



Example 3: Supply Chain Breach in the Manufacturing Sector

The manufacturing sector has also faced vendor-related breaches in 2024. A large manufacturing company suffered a breach when a third-party supplier's compromised credentials were used to access the organization's network. This incident disrupted production lines and led to millions of dollars in losses due to halted operations. It emphasizes the need for strict access controls and monitoring, particularly for vendors in the supply chain with access to critical systems and production environments.

These cases illustrate the vulnerabilities that third-party vendors can introduce and underscore the need for comprehensive TPRM strategies that address not only vendor selection but also ongoing risk monitoring and incident response planning.



Best Practices for Effective Third-Party Risk Management

Given the risks associated with third-party relationships, organizations must implement proactive TPRM programs to protect their assets, ensure compliance, and mitigate potential threats. Here are several best practices for creating a resilient TPRM framework:



Establish a Comprehensive Vendor Onboarding Process

The TPRM process should begin with a thorough vendor onboarding procedure. During this stage, organizations should conduct detailed assessments of potential vendors to evaluate their security posture and ensure they meet compliance requirements. This due diligence may include:

- Conducting background checks and verifying vendor credentials
- Reviewing the vendor's security policies and practices
- Assessing regulatory compliance relevant to the vendor's industry

Incorporating a scoring system to evaluate vendor risk levels during onboarding can help organizations prioritize higher-risk vendors for more intensive monitoring and assessment throughout the relationship.



Implement Continuous Monitoring

Static, point-in-time assessments are insufficient in today's fast-evolving threat landscape. Continuous monitoring is essential for identifying new risks and vulnerabilities as they arise. Real-time insights into vendor security postures enable organizations to detect and respond to potential threats before they escalate into full-blown incidents.

Continuous monitoring may include:

- Tracking key risk indicators (KRIs) that could signal changes in a vendor's risk profile
- Leveraging automated tools to scan for vulnerabilities and anomalies in vendor systems
- Regularly reviewing vendor access privileges to ensure compliance with security policies



Tier and Prioritize Vendors Based on Risk Levels

Not all vendors present the same level of risk. Organizations should categorize vendors based on factors such as the level of access they have to sensitive data, their industry, and their security practices. Higher-risk vendors should be subject to more frequent assessments and stringent monitoring protocols.

For example, vendors with access to financial data or health records should receive more intensive scrutiny than vendors with limited or no access to sensitive information. This tiered approach allows organizations to allocate resources effectively and focus on managing the highest-risk relationships.



Strengthen Incident Response Capabilities for Vendor-Related Breaches

Despite preventive measures, incidents involving third-party vendors may still occur. Organizations must develop incident response plans specifically for vendor-related breaches. These plans should include:

- Clear protocols for communication and coordination with affected vendors
- Defined roles and responsibilities for managing the incident
- Steps for mitigating data exposure and preventing lateral movement within the network

Having a robust incident response plan ensures that organizations can respond swiftly and minimize the impact of a vendor-related breach. Regularly testing these plans through tabletop exercises can also help identify potential weaknesses and improve readiness.



Enhance Security Controls through Automation

Automation is a powerful tool for improving the efficiency and effectiveness of TPRM processes. By leveraging automated solutions, organizations can streamline tasks such as risk assessments, vendor onboarding, and continuous monitoring. Automation also reduces the risk of human error and ensures consistency across the TPRM program.

Some examples of how automation can enhance TPRM include:

- Automating risk assessment questionnaires and evaluations
- Using artificial intelligence (AI) to identify and categorize vendor risks
- Implementing machine learning algorithms to detect anomalous behavior and potential threats

By automating routine tasks, organizations can focus their resources on higher-value activities, such as incident response and strategic decision-making.

Emerging Trends and Future Directions in TPRM

As third-party risk management continues to evolve, several trends are shaping the future of TPRM:

Greater Emphasis on Fourth-Party Risk Management

Beyond direct vendors, organizations are increasingly concerned about “fourth-party” risks, which involve vendors’ own third-party relationships. Fourth-party risks can introduce hidden vulnerabilities, particularly if downstream vendors do not adhere to the same security standards. Leading organizations are now requiring their vendors to conduct due diligence on their own third parties to minimize this risk.

Integration of Cyber Insurance for Third-party Risks

Cyber insurance policies are beginning to include provisions for third-party risks, covering potential losses from vendor-related breaches. This shift reflects the growing recognition of third-party risks as a critical component of an organization’s overall cybersecurity strategy. Organizations should explore cyber insurance options that offer coverage for incidents originating from third-party vendors.

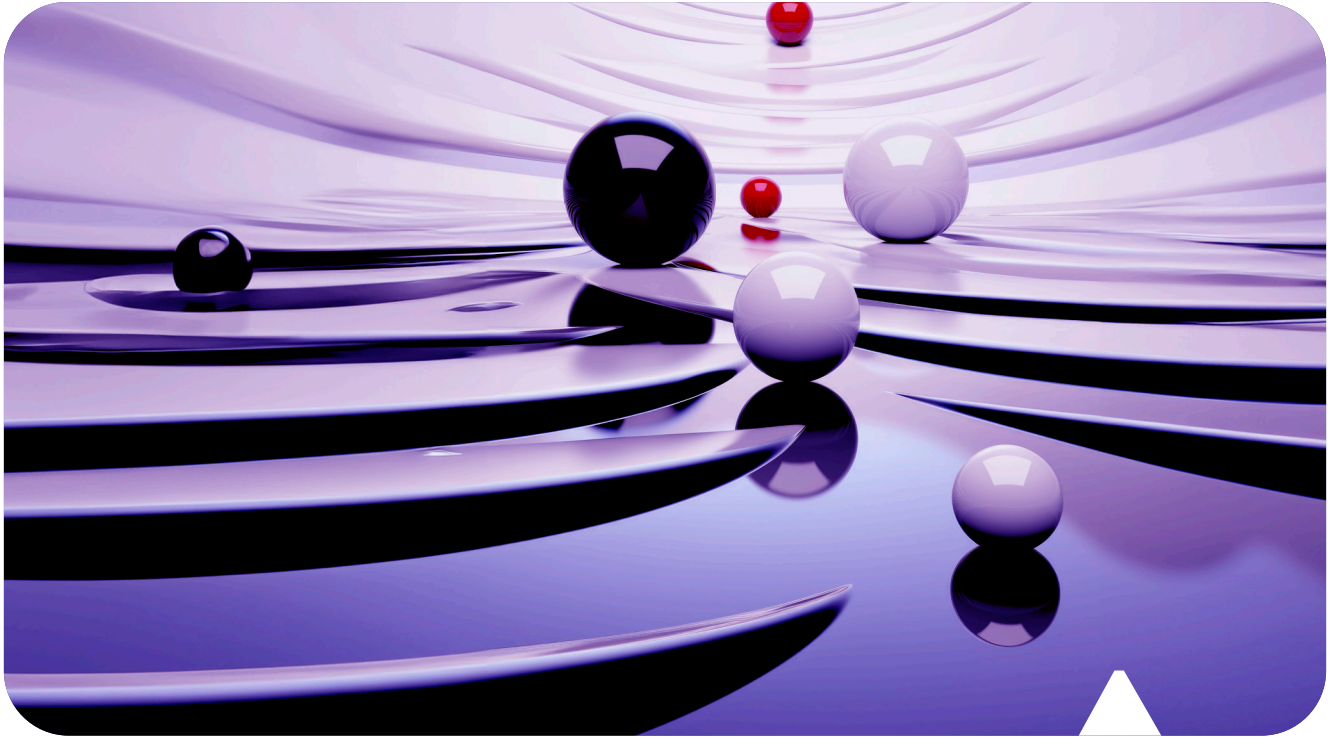


Enhanced Focus on Regulatory Compliance and Reporting

As regulatory scrutiny intensifies, organizations are under pressure to demonstrate compliance with third-party risk management standards. In 2025, companies are increasingly investing in automated tools that facilitate compliance reporting, helping them maintain a clear audit trail of vendor assessments, monitoring activities, and incident response efforts.

Growing Importance of ESG in Vendor Selection

Environmental, social, and governance (ESG) factors are becoming a key consideration in vendor selection. As organizations align their operations with ESG principles, they are seeking vendors that meet similar standards, particularly in areas related to data privacy, security, and corporate governance. This trend is driving organizations to integrate ESG assessments into their TPRM programs.



Conclusion

In 2025, managing third-party risks has become essential to maintaining a secure, compliant, and resilient organization. The complex web of vendor relationships, coupled with evolving regulatory pressures, has created a challenging environment for organizations that rely on third-party providers.

By implementing a proactive TPRM program, organizations can reduce the likelihood of vendor-related breaches, protect their assets, and strengthen their reputations. The best practices outlined in this white paper — from

continuous monitoring and tiered assessments to automation and incident response planning — provide a strong foundation for developing a comprehensive TPRM program that addresses both current and emerging risks.

As third-party risk continues to grow in scope and significance, organizations must remain vigilant, adaptive, and innovative in their approach to TPRM. By doing so, they can build a robust defense against the evolving threat landscape and safeguard their long-term success.



Why Choose Aujas Cybersecurity for TPRM?

Aujas Cybersecurity stands out for its expertise, global presence, and commitment to quality. Our TPRM solutions are built on the principles of flexibility, scalability, and cost-effectiveness, making them ideal for organizations with diverse and evolving third-party ecosystems. Our clients benefit from:

Global Expertise

With teams around the world, Aujas has the capacity to support multinational organizations with region-specific insights and compliance expertise.



Seamless Integration

Our TPRM solutions integrate smoothly with existing security programs, enhancing overall resilience without disrupting business operations.



Compliance-Driven Focus

For regulated industries, Aujas ensures that TPRM practices align with specific regulatory standards, minimizing the risk of fines and improving compliance outcomes.





About Aujas Cybersecurity

Aujas Cybersecurity - A NuSummit Company, helps build and transform cybersecurity postures to enable businesses to mitigate risks. We are a pure-play cybersecurity services company with deep expertise in Identity and Access Management, Risk Advisory, Security Verification, Managed Detection and Response, and Security Engineering services. Our unique products and services help businesses build and transform security postures while mitigating risks. Our focus is to strengthen security resilience by minimizing the occurrence of attacks, threats, and risks so that you can drive change, innovate, and accelerate growth.

For more information, visit us at www.aujas.com or write to us at contact@aujas.com.

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