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The Guide to Conducting Risk-Based Vendor Due Diligence

Using Investigative Research to Enhance Your Process

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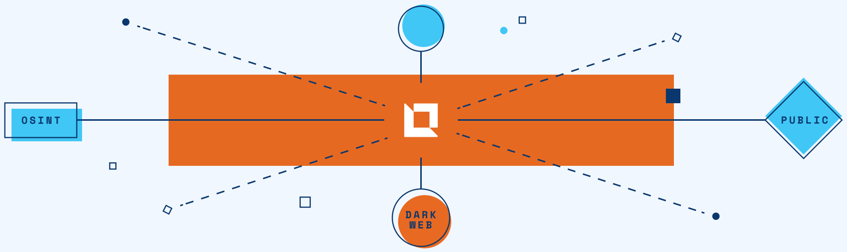
Overview

For many corporate security teams, vendor due diligence investigations are exhausting and time-intensive efforts that require navigating multiple disparate data sources before compiling a lengthy report. Without a comprehensive process and the right tools, it can be challenging to ensure you've uncovered all the information you need.



Fortunately, with an easy-to-follow framework and access to the right technology, you and your team can enjoy a more uniform and streamlined experience, boosting efficiency, mitigating errors, and supporting you in conducting faster, more accurate research at scale to inform your in-depth investigations, case management, and continuous threat monitoring.

To help your team establish a streamlined and comprehensive due diligence process, we've created this guide with some key considerations. By ensuring your team follows the same TTPs (training, tactics, and procedures), you can reduce liability due to fraud and confidently protect your brand integrity.

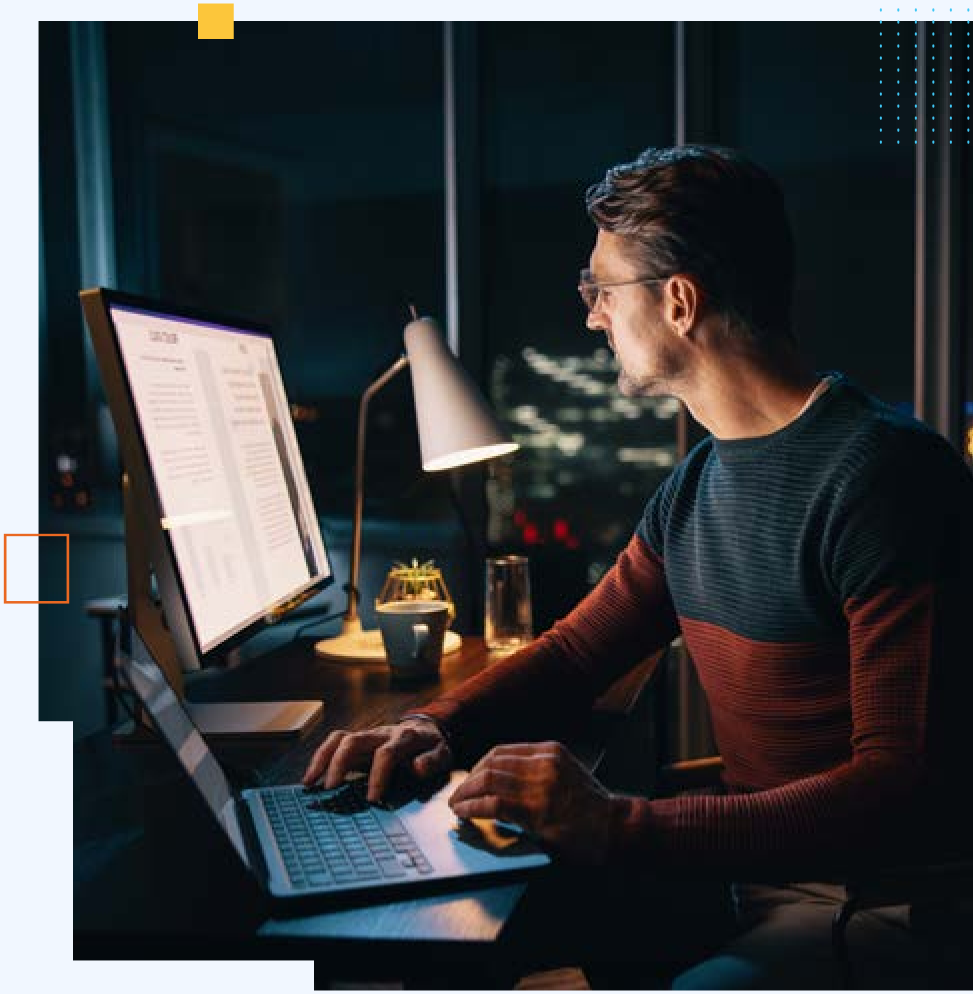
Planning for Investigative Research

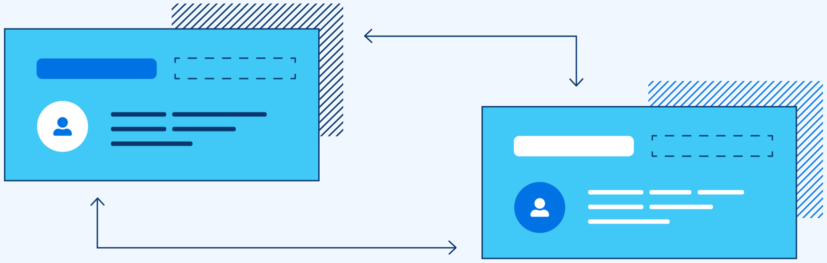
Before you begin the due diligence process, take time to understand the context of the request. The planning phase lays the foundation for the research by helping you shape your approach, determine your scope, and tailor the process to the use case. In other words, it's vital you don't skip ahead.

To help you gather context, plan your approach, and solidify your direction, consider asking yourself two guiding questions:

1. Which team or department requested this investigation?
2. What is the purpose of the request? (e.g., security, enhanced vendor or contractor vetting, business acquisition, legal compliance, risk mitigation)

Before you dive into collecting data, it's important to consider whether there are additional concerns or early flags worth exploring. For example, perhaps your vendor form or application process surfaced concerns that may not disqualify a vendor but still need to be investigated.





Collecting Data and Reporting Your Findings

The groundwork you completed during the planning phase will make it easier to determine what data you need to collect and where (and how) to gather that information. However, even with proper context and an informed approach, data collection is often the most complex and resource-intensive part of the investigation. And because every analyst has their own unique methods, this is usually the point in the process when inconsistencies emerge. Ideally, you're conducting investigative research that is integrated and always-on to work more efficiently and avoid needing to pull data from multiple sources.

After collecting your data, it's time to transform that raw information into actionable intelligence. Remember that information is only as useful as the medium in which it's delivered. Often, investigators compile their findings into an extensive, long-form report filled with exhibits, documents, images, and other supporting sources — but this isn't always the most helpful format and can be challenging to produce at scale.

Here are a few steps you may include in the collection process:

Confirm or resolve the identity of the vendor to ensure you're investigating the proper entity Include aliases, variations, and other identifying information or attributes	□
Gather pertinent information on the vendor so you can search all required jurisdictions Include associates and business interests	□
Check for business affiliations, subsidiaries, or a DBA (Doing Business As) that may reveal other public record data you might not find in an individual's name search alone It's easy for anyone to set up a new entity and attach assets and other activities to that trade name. Take time to identify business affiliations so you don't miss critical information	□
Create a scope of public records to investigate May include arrests and criminal records, civil litigation, bankruptcy, and liens and judgments.	□
Ensure all team members have access to appropriate credentialed data sources in one central platform so you're not switching from place to place Include tools like TLO, LexisNexis, Pacer, UniCourt, and other court records to ensure accuracy and consistency	□

TIP: To verify the legitimacy of the vendor, you may also want to vet C-Suite members or other executives associated with the business.

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Explore the online footprint across OSINT, media platforms, adverse media, and social networks to better understand the subject's mode of living, affiliated associates, and other background data you may not find in public records	□
Perform a link analysis based on pertinent entity and business research findings to quickly visualize relationships and connections that otherwise may not be as easy to detect	□
Expand the scope as necessary This may involve investigating the background of close associates and family members for conflicts or other records of interest	□
Use tools like Optical Character Recognition (OCR) — a technology that recognizes text within a digital image — to review and search within the documents you've collected This also helps determine connections, data anomalies, or redundancies	□
Determine which reporting structure you'll use to deliver insights based on the area of due diligence and the team(s) that oversee that area Reporting structure will differ based on the area the research was conducted (e.g., administrative, finance, assets, human resources, environmental, taxes, intellectual property, legal, customers)	□
Ensure you've extracted the most vital findings and provided all the proper context and sourcing For example, have you explained any links and why they're relevant?	□

Tips to keep in mind during the collection process:

- It's helpful if your organization has a comprehensive platform with a centralized repository where you can store all due diligence data. A clear, digital system of record ensures nothing is lost and that anyone tasked with updating an investigation can easily access its history. Adopting the right software helps save precious time when a threat arises because the security team can quickly identify whether it's a new or an escalating situation involving individuals with known adverse backgrounds.
- Depending on how deep you want to go when conducting an asset investigation on a subject, it can be helpful to research the subject's spouse or partner, particularly because assets could have been purchased by or transferred to that individual.
- Instead of preparing long-form reports from scratch, consider using templated forms. This approach helps foster a uniform standard that all team members can adopt and adapt to each use case. Standardized snapshot reporting also makes it easier to run automated analyses in the future so you can find trends, patterns, and anomalies.

Technology that helps conduct investigative research can save you time and energy by providing a wealth of cross-indexed data you can easily save and access any time you need to generate these snapshots.

Client Spotlight

The small team at a Fortune 500 financial services company was previously operating without a formal screening process, and due diligence reports were pieced together from many data sources and delivered as documents via email or chat tools. They lacked visibility of historical findings and knew that critical information was missing.

It would often take the team several days of digging through public records and data sources to produce one due diligence report. **With Ontic's connected platform, they now:**

- **Produce reports in hours, not days,** while still ensuring a thorough investigation, saving them time and allowing them to meet deadlines quicker
- **Deliver consistent, high-quality reports** with Ontic's Integrated Research product
- **Make cross-functional impact** with their risk intelligence program that serves multiple teams' needs, including brand and vendor management, executive protection, external affairs, and customer interactions
- **Have saved the company over $1.1 million** by completing due diligence in-house

Read the Full Story

Communicating Findings to the Business

After gathering the data and translating it into insights, you'll need to review your report to ensure the information is accurate and complete. This is your opportunity to ensure you've left no stone unturned and equipped the team or department who requested the due diligence with everything they need to make the best possible decision for the organization.

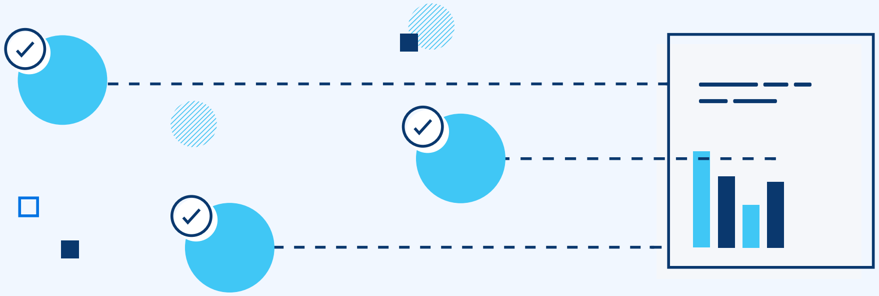
Once the due diligence deliverable is polished and ready to share, you need to distribute it to the right people at the right time. Critical business decisions often hinge on these findings, and data ages rapidly, so time is of the essence. Efficiency is vital to success at every stage of the process, but it's particularly important when delivering your research.

After you've handed off your deliverable to the appropriate team or department, consider conducting a retrospective to ensure your team has performed the due diligence process as efficiently and effectively as possible. Take a moment to ask the requester whether the intelligence met their expectations, and closely examine your process for gaps or opportunities for improvement in future due diligence projects.

Much like the planning and direction phase, it can be tempting to skip this stage and quickly dive into the next request. However, making time to solicit feedback and evaluate your process is the only way to uncover and correct inefficiencies.

Here are four steps you should take to ensure your investigative research deliverable will fulfill its purpose:

Customize the reporting deliverable to your audience and ensure you've included all necessary information	□
Ensure the deliverable is comprehensive, properly sourced, and includes all necessary related documentation, evidence, summaries, conclusions, or opinions (if requested to do so) Keep in mind that your content may become subject to legal discovery or introduced as evidence in a civil or criminal proceeding in the future	□
Make sure key findings are actionable, and the department requesting the investigation can easily understand the security team's recommendations	□
Select an appropriate medium for getting the information into the right hands at the right time	□



Conclusion

By leveraging the right technology and optimizing efficiency, your process will become more streamlined, effective, and easier to manage. This will boost the quality of your intelligence, ensuring it is comprehensive, easily shareable, and actionable.

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Broaden intelligence with real-time and historical data

Ontic's Integrated Research is purpose-built for security research to help teams lead with confidence and enable their organization to make better, data-driven business decisions, leveraging intelligence that combines real-time and historical data.

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