The new normal of supplier vetting

Trying to keep your sales process in motion is hard enough as it is, but that now seems like an impossible task with an influx of customer surveys and requests for business data. It's frustrating to finish one survey just to answer the exact same questions with another customer using a different onboarding system. But why has this endless request for information become the new normal? By observing the increase of regulations, data breaches, and push for due diligence it is clear why supplier vetting has become a top priority for your customers.

Dealing with increasing regulation

The most notable regulation which changed business operations is the European Union's General Data Protection Regulation (GDPR). GDPR, which superseded the 1995 Data Protection Directive (DPD), was adopted in 2016 and enforced in 2018. The new regulation was meant to give people control over their personal data and simplify regulations. It addresses data protection and privacy within the European Union, including rules around transferring data outside of the EU. With adoption of this regulation, companies have had to implement measures for handling personal data, and also complete due diligence in monitoring and assessing their suppliers' data use. Further, GDPR has become a model for many other laws, including the California Consumer Privacy Act (CCPA) which went into effect in 2020.

The adoption of GDPR and CCPA both come with penalties and enforcement. For GDPR, there is a significant fine with an upper limit of €20M or 4% of global annual revenue–whichever is higher. Besides monetary fines, business reputation may be impacted and any breach could result in the instant dismissal of those in a position of responsibility. With these new data privacy regulations and consequences, companies have needed to quickly adapt substantial changes to their business process.

Changes to a company's due diligence didn't stop just at data privacy. There has been a sweeping adoption worldwide of several other areas of concern for procurement, such as anti-bribery/corruption, modern slavery, conflict minerals, diversity, and much more. Each new area of compliance brings more requests for information from suppliers and larger efforts needed for supplier data management.

Addressing concerns with fraud

Supplier vetting is important beyond simply complying with regulations; additionally, supplier vetting can be used to help prevent payment fraud through payment information verification. Fraudulent supplier payment requests, where hackers disguise themselves as a supplier and request payments to a fraudulent account, have been on the rise with data breaches. Thus, there is great benefit when buyers and suppliers can trust customer information requests to prevent interruptions to business and build better business relationships.

Responding to the new normal

With supplier vetting becoming the new normal, it's important for suppliers to not only understand the importance of vetting, but also prepare for the influx of data requests. Without a strategy, the problem of increased administrative workload grows exponentially.

This was the inspiration for graphite®Connect; to help remove the friction of doing business. With businesses requesting the same data from suppliers, it became clear that a new model was needed to drastically reduce redundant work and increase the speed of business. That's why we've built our platform, graphiteConnect, around a network data model. Now, with graphiteConnect, suppliers are in control of their data, allowing them to place their company data in one location and share endlessly with their connected customers. Suppliers answer common questions in a structured profile, accelerating supplier onboarding from months to days with every new business connection. With a network of 7,000+ suppliers and growing, graphiteConnect is helping companies do more business with less friction.

With a modern network architecture and security focus, graphiteConnect truly helps you accelerate your business while keeping your business data secure. For more information or to schedule a demo, please contact us at contact@graphiteconnect.com or (385) 484-8741.