

# Vendor Risk Assessment

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## Assessment Information

**Assessment Date:** July 9th, 2025

**Assessor:** J. Fluker

**Review Period:** Annual

**Next Review Date:** July 9th, 2026

## Vendor Information

**Vendor Name:** Cloud 99 Tech Solutions

**Primary Contact:** Sunjay Weathers, Account Manager

**Phone:** (555) 555-5555

**Email:** sjayweathers4reral@cloud99tech.com

**Address:** 555 Technology Drive, Austin, TX 78701

**Website:** [www.cloud99tech99.com](http://www.cloud99tech99.com)

## Service/Product Overview

**Service Description:** Cloud-based customer relationship management (CRM) platform with integrated analytics and reporting capabilities

**Contract Value:** \$240,000 annually

**Contract Duration:** 2 years (January 2025 - January 2027)

**Business Criticality:** HIGH. Core business operations depend on this service.

## **Risk Categories Assessment**

### **Operational Risk**

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**Risk Level:** MEDIUM

**Key Factors:**

- Service availability guarantee: 99.9% uptime SLA
- Disaster recovery capabilities: RTO 4 hours, RPO 1 hour
- Business continuity plan documented and tested quarterly
- Geographic redundancy across multiple data centers

**Mitigation Measures:**

- Regular SLA monitoring and reporting
- Quarterly business continuity testing
- Alternative vendor identification maintained

### **Financial Risk**

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**Risk Level:** LOW

**Key Factors:**

- Annual revenue: \$50M (stable growth over 5 years)
- Credit rating: A- (Standard & Poor's)
- Financial statements reviewed and audited by reputable firm
- No significant debt concerns or liquidity issues

**Mitigation Measures:**

- Annual financial health review
- Payment terms negotiated with early payment discounts
- Contract includes financial distress clauses

## **Security Risk**

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**Risk Level:** MEDIUM

**Key Factors:**

- SOC 2 Type II certification current and valid
- ISO 27001 certified information security management
- Regular penetration testing conducted by third parties
- Multi-factor authentication implemented
- Data encryption at rest and in transit

**Areas of Concern:**

- Recent minor security incident (resolved within 24 hours)
- Staff turnover in security team (20% in past year)

**Mitigation Measures:**

- Quarterly security assessments
- Required incident notification within 2 hours
- Annual security questionnaire completion
- Regular security awareness training verification

## **Compliance Risk**

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**Risk Level:** LOW

**Key Factors:**

- GDPR compliance demonstrated and documented
- SOX compliance for financial data handling
- HIPAA compliance not required for this service
- Regular compliance audits conducted

**Mitigation Measures:**

- Annual compliance certification review
- Data processing agreement in place
- Right to audit clause in contract

## Reputational Risk

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**Risk Level:** LOW

**Key Factors:**

- Strong industry reputation with 15+ years in business
- No recent negative publicity or regulatory actions
- Positive customer references and case studies
- Active participation in industry associations

**Mitigation Measures:**

- Quarterly reputation monitoring
- Reference checks with other customers
- Social media and news monitoring

## Technology Risk

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**Risk Level:** MEDIUM

**Key Factors:**

- Cloud infrastructure hosted on AWS (reliable platform)
- Regular software updates and patching schedule
- API stability and documentation quality
- Integration capabilities with existing systems

**Areas of Concern:**

- Legacy code components in core system
- Limited mobile application functionality
- Dependency on third-party integrations

**Mitigation Measures:**

- Technology roadmap review sessions
- Performance monitoring and SLA tracking
- Backup integration solutions identified

### **Risk Categories and Assessment Overview**

Category	Description	Risk Level (Low/Med/High)
Operational Risk	Risk of service disruption or system failure	Medium
Cybersecurity Risk	Risk of data breach or cyberattack	Medium
Regulatory Compliance Risk	Compliance with GDPR, HIPAA, etc.	Low
Financial Risk	Vendor's financial stability	Low
Reputational Risk	Impact on company's reputation if vendor fails	Low
Data Privacy Risk	Handling of sensitive or personal data	Low
Technology Risk	Risk of malfunctioning devices	Medium
Contractual Risk	Clarity and enforcement of contract terms	Medium

### **Data Classification and Handling**

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#### **Data Types Processed:**

- Customer contact information (Confidential)
- Sales pipeline data (Internal)
- Financial transaction records (Confidential)
- Employee user data (Internal)

#### **Data Protection Measures:**

- Encryption standards: AES-256
- Access controls: Role-based permissions
- Data retention: 7 years per company policy
- Data location: US-based data centers only

## Vendor Management Activities

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### Ongoing Monitoring

- Monthly performance reviews
- Quarterly business reviews with vendor
- Annual contract and SLA review
- Semi-annual security assessments

### Key Performance Indicators

- System uptime: Target 99.9% (Currently: 99.95%)
- Support response time: Target 2 hours (Currently: 1.5 hours)
- User satisfaction score: Target 4.5/5 (Currently: 4.3/5)
- Security incident frequency: Target 0 (Currently: 1 minor incident in past year)

## Overall Risk Rating

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### MEDIUM RISK

**Rationale:** While Cloud99 Tech demonstrates strong financial stability and compliance posture, moderate concerns exist around operational dependencies and recent security incidents. The vendor provides critical services to core business operations, requiring continued monitoring and risk mitigation activities.

## Recommendations

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### Immediate Actions (30 days)

1. Conduct detailed review of recent security incident and response procedures
2. Implement enhanced monitoring for system performance and availability
3. Establish formal escalation procedures for critical issues

### Short-term Actions (90 days)

1. Negotiate improved SLA terms for next contract renewal
2. Develop detailed contingency plan for service disruptions
3. Evaluate alternative vendors for competitive benchmarking

### Long-term Actions (12 months)

1. Assess feasibility of multi-vendor strategy to reduce concentration risk
2. Review contract terms for enhanced security requirements
3. Implement automated monitoring tools for continuous assessment

## Approval and Sign-off

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### Risk Assessment Approved By:

**Risk Manager:** Jen Martinez

**IT Director:** Michelle Chang

**Procurement Lead:** Ned Flanders

**Business Owner:** Risa Thomas

**Date:** July 9th, 2025

**Next Review:** July 9th, 2026 (or upon contract renewal/significant changes)

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