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Extended Enterprise and the Public Sector

2018 Associated Federal Enterprise Risk Management (AFERM) Summit

October 30, 2018

The extended enterprise

The extended enterprise is the concept that an organization does not operate in isolation. Its success is dependent upon a complex network of third-party relationships, including products and services.

In fiscal year (FY) 2017, Federal spending on extended enterprise products and services was over **\$800 billion**¹

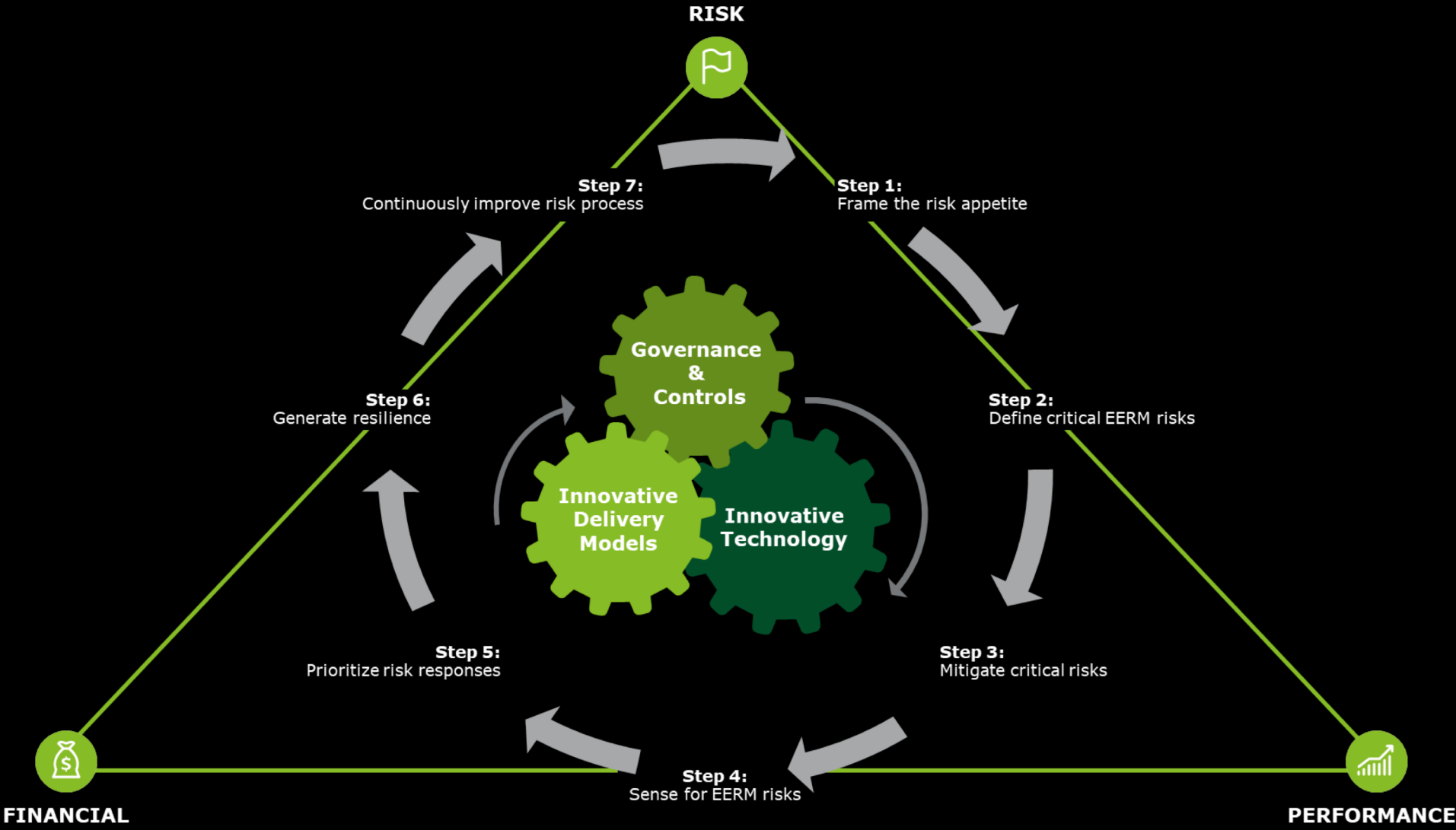
Federal spending on extended enterprise has **increased 17%** since FY15²



¹ www.USAspending.org

² Government Accountability Office (GAO) report, *Contracting Data Analysis: Assessment of Government-wide Trends*, GAO-17-244SP; March 9, 2017

Extended Enterprise Risk Management (EERM): Shifting from a focus on cost to a focus on value



Enterprise Risk Management (ERM) working with EERM programs

ERM works **hand-in-hand** with EERM programs. Three points of integration include:



Risk appetite

ERM maintains the **risk appetite** for the organization, which sets the tone for the amount of risk the organization is willing to take on



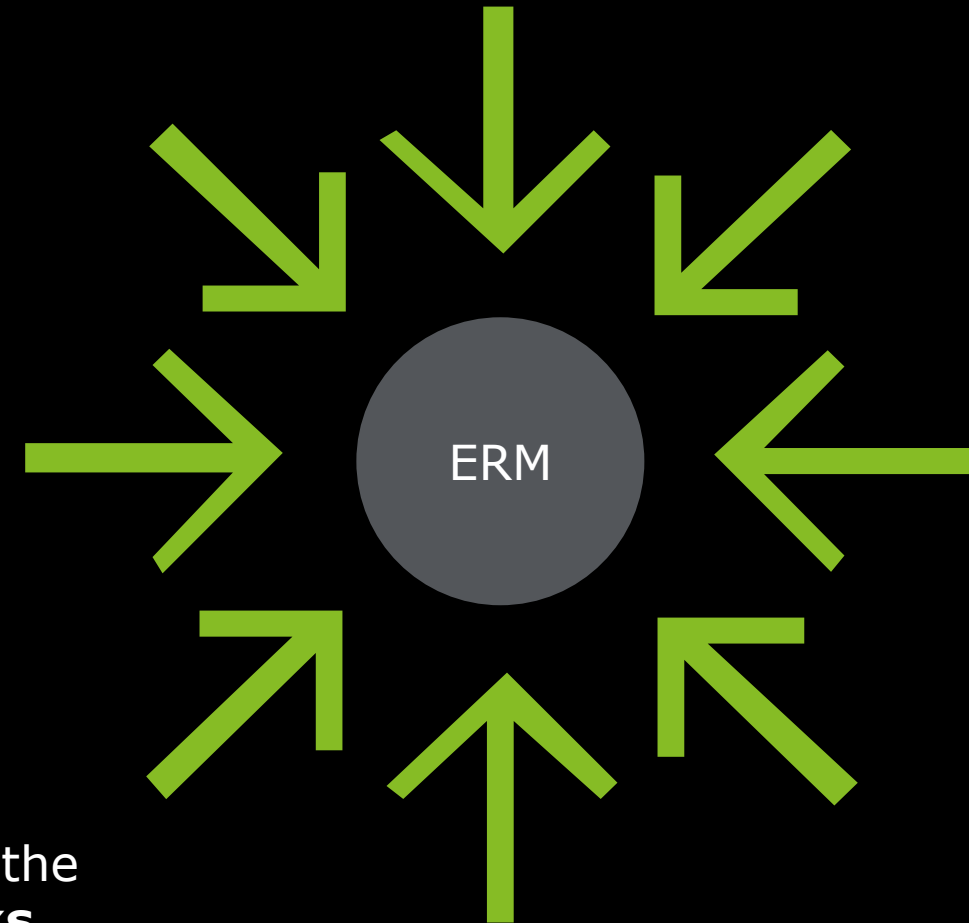
Risk profile

ERM examines the extended enterprise and works with EERM programs to **identify, assess, and manage risks** affecting the entire enterprise



Risk responses

ERM develops risk responses in coordination with the extended enterprise to **manage third-party risks** and provides **assurance** of vendor services





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