

Protecting your data: Your weakest link may be outside your firewall

October 09, 2025

This article is part of BLG's 12-part series: [12 Strategic Priorities for Privacy, Cybersecurity, and AI Risk Management](#). The series helps Canadian companies focus on key oversight areas that drive resilience, accountability and regulatory readiness.

Third-party vendors, service providers, and cloud platforms are essential to today's business models. But they also represent one of the most significant cybersecurity risks. A single weak link can lead to a serious breach, even if your own systems are robust.

Why it matters

Recent cyber incidents show that many breaches originate from vulnerabilities in third-party systems, not internal ones. This has triggered increased regulatory focus on supply chain risk, requiring companies to demonstrate rigorous third-party oversight.

Too often, vendor due diligence is front-loaded at the onboarding stage. Ongoing monitoring, contract enforcement, and internal accountability are frequently overlooked. Yet these steps are essential to identifying risks as vendor relationships evolve.

What management and boards must prioritize

1. Ongoing monitoring and risk assessment

Vendor risk assessments cannot be one-and-done. Organizations must implement recurring reviews, penetration testing, and audits, especially for critical service providers.

2. Contractual safeguards

Vendor agreements should include clear clauses on cybersecurity standards, incident notification timelines, audit rights, and the right to terminate the relationship in the event of a breach or non-compliance.

3. Internal accountability

There must be a designated internal team or role responsible for vendor risk management. Boards should ensure there is governance structure in place, with escalation protocols if issues arise.

Final thoughts

You can delegate a task, but you cannot delegate responsibility. Boards must ensure third-party risk is integrated into the enterprise risk management framework, and treated with the same diligence as internal risks.

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