

The Essential CIO

Insights from the
Global Chief Information
Officer Study

YES BANK

Cashing in on clever outsourcing

Keeping IT
costs to
9%

of total operating expenditure

YES BANK is one of India's fastest growing private sector banks. Founded in 2004, it has become a full-service commercial bank, with two national operating centers and 185 branches in 149 cities in just seven years.¹ The decision to outsource non-core IT tasks and concentrate on its primary banking business has fuelled much of this expansion.

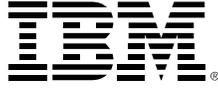
The management of YES BANK realized at its inception that if the bank was to compete in a crowded sector, it would have to offer a distinctive value proposition and that technology could provide the differentiating factor. But rather than try to do everything itself, and incur huge capital costs in the process, the bank chose to outsource many of its technology requirements, Senior President and CIO Umesh Jain told us.

YES BANK retains control over all decisions about its IT strategy, governance and architecture, but relies on carefully selected external providers for commoditized assets and services like infrastructure management, application development and maintenance. It classifies these vendors as strategic or tactical, depending on the type of products or services they provide and their level of impact on the business. It monitors strategic vendors intensively, with regular reviews of their performance.

The bank also buys off-the-shelf products and services wherever possible, using a "best-of-need" rather than "best-of-breed" purchasing philosophy. And it partners extensively with other organizations to co-create value, Jain explained.

YES BANK's smart approach to outsourcing has served it well. It has succeeded in keeping its IT costs to 9 percent of total operating expenditure, compared with the industry average of 15 to 22 percent.





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1 YES BANK Web site. <http://www.yesbank.in/index.jsp?navigationUrl=%2FYES+B ank+Repository%2Fen%2FAbout+us>



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