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Cognizant Technology Solutions Corp.

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J.P. Morgan Global Technology, Media and Communications Conference

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CORPORATE PARTICIPANTS

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

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Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Hello, everyone, sorry for the one-minute delay. Elevators, escalators are a little bit slow. So yeah, this is Tien-Tsin Huang. I cover the IT services sector and payment sector at JPMorgan. Wouldn't be a tech conference if we didn't have Cognizant here. I'm super excited to have Ravi Kumar, the new CEO of Cognizant, join us for a fireside chat. We're going to take questions, of course, from the audience as well as from the portal if we have time. But, Ravi, thanks for being here.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Thank you. It was a short ride from New York, so.

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QUESTION AND ANSWER SECTION

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Yeah, I know, it's still a lot of going on your plate. So I've heard a lot of great things about Ravi from a lot of different people. We're already starting to see some early results here at Cognizant. So I thought I'd start with that, if you don't mind. So what attracted you, Ravi, to join Cognizant? And given your prior experience, right, what does that bring to the table in terms of you shaping the strategy here at Cognizant going forward?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

I worked in my previous firm for 20 years. And for most part, except the last couple of years, I've seen Cognizant beating everybody else. So what intrigued me is why can't we get back that mojo. Coming in, I do believe it's an extraordinary franchise built. Just go back to the history a little bit. Cognizant came in in the late 1990s. Most of the Indian heritage companies were born in the 1980s. They were born to deal with the Y2K boom. And then, they're smartly moved up the chain over a period of time. Cognizant was born in the late 1990s. So in some ways, it did not have a big – it did not have a big presence on the Y2K stuff.

So it was orienting itself for the next wave, which was the application outsourcing wave. And the application outsourcing wave needed Cognizant to be built at the confluence of technology and industry, because you need a depth of technology and a depth of industry to do application outsourcing. So we were prepared more than anybody else to do that. Right now, I believe the confluence of industry and technology is much more relevant, much more important than ever before. So I can't think of a better franchise, which can actually leverage this opportunity of technology spend in the golden era of technology as I call it.

So I do believe – it was a no brainer for me to pick the job. How am I prepared to do this? I've actually gone through phases at my previous employer somewhere we hit it out of the park, somewhere we did not do well. I think that learning of what not to do and that learning of what to do, I think, will be very important. I've gone through the complete value chain. I started my career in India, so I worked in building service lines, and then I came into the United States to run markets, and then I went on to become a president of the company with a corporate role. So I think I've kind of gone through the full value chain, so I can leverage that experience out here.

And I would say, the third is when you're doing something where you have to go back to the growth mindset, you're kind of trying to repair the engine in flight. And when you do so, you want to make sure that you take care of the short-term imperatives as much as you build an institution for the long term, so that as you change the – as you repair the engine in flight, it doesn't crash. So I kind of think the ability to balance the two, the ability to look at your learnings from a era which where there was no growth to – where there was growth plus the breadth of industries and breadth of capabilities – breadth of capability roles I've played. I think all is going to prepare me, and most importantly, equip me to do this job better.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Sure. No, it sounds – no, I appreciate your humility. So thank you for going through that. So I've always thought of Cognizant has very strong bones, thinking about your history, having followed it for quite some time. You've been in the seat for, what, now five months or so?

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Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Five months.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

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So what surprised you? I'm curious now that you actually work there, what surprised you, maybe positively and negatively?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Yeah. So let me start with the negatives. I think what surprised me is for a muted growth era of a couple of years, you will almost think there is something missing inside, and therefore, it's muted. I think the focus on large deals not being there in spite of the capability being there surprised me. So I'm surprised why weren't we winning larger deals and why weren't we focused on it, when we have the capability to do so?

The second, I would say, is two-thirds of our associates live in India. Why wouldn't some of our leadership – why wouldn't we build leadership in India? These are the two things which surprised me. What positively surprised me is the amazing goodwill our clients have – In fact, I'm at 130 plus clients in the last – actually, I've stopped counting now, but 130 when I got to my – the last few weeks. Kind of moved – traveled around the world. We have amazing goodwill with clients. Most of our clients have worked for long with us, continue to work with us. In fact, some of our clients have actually said to me verbatim that we are fans of Cognizant, so that pleasantly surprised me, positively surprised me.

The second is, of course, the confluence of industry and technology. You could – all system integrators, all tech services companies do everything. But we were born to be in that confluence. So I don't think there is a better company to be in that confluence, which then means if technology is so core to businesses, it's going to be embedded into products and services in the golden era of technology. I don't think there is anybody else more suited than us. We've demonstrated that in healthcare, life sciences, financial services. In fact, we've doubled down and actually bought platforms to support it. In healthcare, we are the largest player on the planet. We're the largest system integrator on the planet.

We could potentially replicate that to some of the other industries where this opportunity is ripe, say, industrial manufacturing or retail, CPG, where I think we have reasonable presence. How about doubling down on the capability on industrial domain, leveraging it for deep technology expertise, and how about building a platform play, which can create a multiplier on services.

One of the other fascinating things about Cognizant's culture is its entrepreneurial spirit. Companies of our size have been in existence for 40-plus years, same size. We've been in existence for less than 30 years. It gives me the confidence that our entrepreneurial spirit in spite of a muted couple of years, we're still a fast-growing firm if you take the full 26, 27 years. So the entrepreneurial spirit, the ability of the decentralized, empowered teams in our field, which our clients liked it, equally being close-knit, it's a little bit – it's a unique combination. You're federated, you're empowered, decentralized, but you're closely-knit. It's a amazing combination. So how can I energize that culture and create a growth mindset?

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

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That's obviously very powerful. So as you talk to these clients, 130-plus clients, it sounds like goodwill domain expertise. I like the entrepreneurial spirit part of it. What else can be done in your mind, right, to win back those clients and get back to this growth mindset as you sat down with some of these executives?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

We are underindexed in some industries and we're overindexed in some. So we have to pick some of those underindexed industries and start to replicate that template, if I may. As much as we – we have two-thirds of our associates in India; and in some ways, we have a hub-and-spoke. Equally, we have fairly good distributed capabilities. We have 8,500 people in Eastern Europe, we have 8,000 people in Canada. So our nearshoring capability is a good combination with the offshore capability.

So how do I bring that – for a dollar spend, which is not on classical technologies, but actually, on deep engineering. Deep engineering needs nearshore capability more than offshore capability. I think we have that capability to bring.

We have to go back into the habit of winning. And winning is all about great clock speed. Tech services is not a high innovation industry. It's a fast follower industry. We follow the technology waves. We sense it fast. We incubate it and scale it. We need to go into that rhythm of sensing new things ahead of others, incubating them and scaling and industrializing it. That's what Cognizant did better than anybody else in the good times. We have to go back to it.

So the clock speed of the enterprise has to be fast. I think one of the things we did in the first quarter is to demonstrate that we have that clock speed in the market that gave us the bookings momentum, which potentially will give us revenue momentum in the future. There is a lag between it. But it did demonstrate that we can bring back that clock speed. I, of course, have replicated the clock speed across the company as we execute those projects and execute those deals.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Yeah. So let's build on that. So you're off to a good start. You said that you were surprised the competency to do large deals is there, but it hasn't been executed. Now, you've seen some big deals come through, feels like there's a lot of big deal activity in general across the industry. So can you be more specific? What's causing you to win some of these larger deals so quickly? I get a lot of questions on pricing. Is there a different philosophy there to get to that clock speed and maybe generate some good outcomes on the large deal front? Can you just elaborate on that?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Right on day one, when I came on board, I actually said every Friday I'm going to review 10 of my top deals and they will be sponsored by me. And I did that religiously for all the Fridays I've been at Cognizant. So the fact that it's the CEO's agenda to do large deals, I think, is very important. The outreach to deal advisors, which form a reasonable portion of deals, which are in the market, tracking the renewal cycles, building deal infrastructure, I mean, large deal infrastructure, that entire institution, we kind of really set it up in the last three months. And that has been firing cylinders.

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We now have to start to follow through on the heavy lifting we will need to do at the back end. I think we have the infrastructure, we have the capability. We have to follow through. Large deals come with a lot of heavy lift at the start and they come with a heavy lift to execute as well. Unlike the smaller deals. Smaller deals in some ways have softened, because of the discretionary spend softening. And whenever it comes back, I'm very hopeful that we'll have the same rhythm on that swim lane as well. Now, again, large deals are of two types. The deals we're seeing today in a softer economic market are deals, which are related to cost takeout, vendor consolidation, rebadging of employees and stuff like that.

And all of that in that swim lane means you have a lot of assumptions in your thesis on the deal baked into the back end, which is I can do more offshoring, I can redeploy the people who I rebadge, I can apply automation and increase productivity. And part of it, I can share it in the deal to win it and part of it I can keep it for margins. So that whole thesis, we have to create – we have to continue to build that muscle inside the company, so that we could sustain this. I have a good pipeline, which I mentioned in my earnings call. I have to sustain the winning and sustain the execution. I have to continue to do that. When the economy picks up, you're going to switch from cost takeout deals to transformational deals.

The cost takeout deals today are high, because we kind of came out of a pandemic where the operations spend of enterprises and the cost structure around it was much higher. And we are all readjusting ourselves. I mean, the clients are readjusting themselves to a realistic new growth rate, and therefore, they're shedding cost out. And that cost-out is not just on technology, but also on operations.

As you get to a better economy, you want to see transformational deals show up. They may not be as large, but they will be medium-sized, but that'll have heavy-lifting related to transformational capability. And I think over the last few years, Cognizant has reasonably worked on building that capability, which we should leverage upon, including the stuff we've built in Eastern Europe, including the assets we bought, plus the focus around the digital capabilities, which will come to our advantage. So I should be prepared for that wave, which is going to come up in a few quarters, hopefully, whenever the economy starts to turn around and we have discretionary spend in the market.

Tien-Tsin Huang Q
Analyst, JPMorgan Securities LLC

Yeah. No, hopefully, sooner rather than later. So that's helpful to hear about every Friday, it's on the CEO agenda. So of course, we're all going to...

Ravi Kumar Singisetti A
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

So we've unified the team as well.

Tien-Tsin Huang Q
Analyst, JPMorgan Securities LLC

100%.

Ravi Kumar Singisetti A
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

The ability to do a large deal also depends on – can you bring the might of Cognizant behind those deals all the way from the cross-functional – on the functions in the company and the ability to bring the best of Cognizant in

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front of the deal. So that is something – I think the pride of the company to win has really – I've kind of lit a fire on that. And everybody wants to win and that winning spirit actually kind of rubs off on teams.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Yeah, no, there's halo effect with that. So with the execution side of it and the cost curves change, I know as the deal matures in ages, who's responsible for holding the team accountable on the execution side? Is that also you, Ravi, or how do you build that discipline around the execution to make sure there are no cost overruns or surprises as these new deals ramp?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Cognizant always had this unique model, which I always admired from outside is the two-in-a-box. So we have a client partner and we have a delivery partner cutting across service lines, being a part of the client-facing teams. So we've unified that. We've simplified the operations. One of the things I spoke about is deal momentum, commercial momentum, being an employer of choice. And the third I spoke about is simplifying operations. So it's easy to execute these deals.

We now have a service line structure and the market structure. The service lines actually own the capability and own the execution bandwidth. And we are strengthening that on a constant basis, including increasing my leadership in India. You can already see some of the LinkedIn posts of leaders who we are hiring; some who are coming back who left us and some we're hiring from the market.

So I think we're prepared to – I think we had the muscle. You'll be surprised, 70,000 associates of Cognizant have spent more than 10 years at Cognizant, 70,000. So we still have the muscle. Remember, we didn't lose a lot for a big period of time. We, of course, lost people in the last two or three years, but we still have 70,000 people. So leveraging that and leveraging filling up some of the gaps, I'm pretty confident we have the leadership to do it. I'm filling up more and more roles as I go forward, but it's a gradual change.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Okay. No, glad to hear it. So the labor side is very important. I know that attrition has been an issue for Cognizant. It's improved. First quarter, we saw some nice improvements. Sounds like you expect to maybe it will tick up a little bit in the second quarter and then trail off from there. How much visibility do you have in that, Ravi? I know it's the culture drives a lot of that and leadership within India. You put in some wage increases in the past. But do you feel like you're in a good trajectory to sort of manage this labor situation?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

I think it will not be an outlier.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Okay.

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Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
A

We will gradually get to a point where – remember, I'm carrying the load of my previous quarters. So when you do a trailing 12 months, you're always going to have quarters behind, which were heavy. I'm very encouraged by what's happened in quarter one. I'm excited about everything else we're doing in the company, including the pay hike we did in April – this was the third pay hike in the last 18 months. We've actually done – we did one in October, we did one in April. I'm excited about the investments we're making on learning infrastructure, making our global mobility more predictable. Cognizant is a phenomenal platform for global mobility for our associates. How do I make it?

We have actually created some extraordinary energy in India. I've personally been there and we are now adding leadership there with the next-gen program, which we just launched. We are now going to have infrastructure in Tier 2 cities in India. I don't know whether you know this – 35% to 40% of the Indian IT workforce, not just Cognizant, is actually in Tier 2 cities. They haven't come back to Tier 1 cities. It's at the bottom of the pyramid. The social fabric of India is all these employees during the pandemic, went and stayed with the families or parents, I would say, and then never come back.

So we are recalibrating our real estate, getting some savings in, but equally, repurposing some of it to Tier 2 cities. So that'll give me a chance to build social capital. We're now creating a internal marketplace, so that you could traverse that value chain of capability inside the company and don't need to go out.

So there are a ton of things we have kick-started to make this a vibrant place. So not only is it compensation, but equally, all the other things which we can. I'm excited about the purpose of Cognizant. In fact, if you go to any center in India, just the outreach program into the communities is a stickiness. At least, I didn't see it in the past. It's the stickiness for my associates. We're going to energize that program. So there's quite a bit happening on the employee side, and it's as much a priority for me as much as clients are.

I've said this – this industry is all about creating self-reinforcing, virtuous cycles between employees and clients. If you get that right, it's a easy industry. If you don't get that right, it's very hard, because clients will walk away and the employees will walk away. I think that reinforcing – that self-reinforcing virtuous cycle is something I'm always wanting a pulse on. If my employees stay with me, my clients will stay with me. If my clients stay with me, my employees will stay with me.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC
Q

It's a people-based business...

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
A

100%.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC
Q

...and so very similar to what we do in our business, right. The people and the satisfaction part is very high. So just one follow-up to this, Ravi. I know I used to talk about this with Cognizant, with the heavy attrition, attacking that with a lot of lower and/or new joiners is a way to approach that. But the challenge of that is as you're going

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with clients, going back to clients, your ability to reprice against higher inflation is challenged if you're moving down the pyramid.

So I'm curious, are we beyond that at this point in terms of addressing quality of work? I think Tier 2, you'll get better retention. I agree with all of that. But I'm just curious from a client reaction standpoint, the need to reskill, the ability to reprice, are you in a good place with that today?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

The least resistance path in this industry is to get the most experienced person on the project.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Sure.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Managers love it, clients love it, everybody loves it.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Doesn't scale, though.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

So if you have short-fuse demand and you have smaller projects, the ability to put a pyramid is going to be harder. So in some ways, the odds of having more Gen-Zs or freshers or school graduates was harder because Cognizant didn't do large deals in the last few years. Where you can actually put the pyramid is on large deals, because on large deals, you have big teams.

On big teams, it comes in managed services and managed services you have control of what you can do. And then, you put the pyramid in, and then you share the benefits of the pyramid with your clients. And therefore, it's a win-win. It's a win-win for us, win-win for the clients, win-win for the employees.

Because you build heritage of the company at the bottom, because that's how Cognizant built heritage. Cognizant's heritage was built from schools and colleges across the world, not just in India. It had the right confluence of local talent and global talent in India. And now I would say local, global and near-shoring talent in the centers. So I think it's now going to be easier because you're going to have large deals, which is my focus.

And you're going to have the pyramid, the chance that the pyramid will fit in well is higher for a large deal versus a smaller set of deals. So I think I have a better shot. The odds of crossing the bridge on that is much higher now. And if I do that well, I think it could be good for our margins, good for capability building, good for heritage, good for our clients.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

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Yeah.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
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So I kind of think – the quality of demand is equally important to bring the school graduates into the mix and do it in a sizeable there.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC
Q

Okay. So thinking about how it translates into some of the numbers you talked – you mentioned margin just now. So you did lay out the 20 basis points to 40 basis points for next year. Talk to – I know you put a lot of thought into arriving at the 20 basis points to 40 basis points. What are the main drivers that gives you that confidence that that's the right level? Why not more? Why not less?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
A

The fact that I only said that for 2024 is that it's almost eight or nine months before I'm giving a heads-up on it.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC
Q

Yes.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
A

Now, here's what I'm doing on the next-gen program. We've mentioned 3,500 people. It's 1% of my workforce. It is non-billable roles. So it's a structural shift. I'm reshoring a part of it and I'm eliminating overlaps and I'm simplifying business operations. So that cost is not going to – hopefully not going to come back, because it's a structural shift in my cost. On real estate, we quantified the number. I didn't quantify it on the people, because it's any sell-side analyst will get the model.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC
Q

Yes.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
A

On the real estate, it's hard. And therefore, I quantified it. We are letting go 80,000 seats. We're modernizing our offices. The thesis is – the hypothesis is not everybody's going to come back to physical work. And that's a reality. We're going to make flexibility an important part of our value proposition for employees.

So I can knock down 80,000 seats, repurpose a part of it to Tier 2 cities, and still push in $100 million of structural savings – again, structural because it's a permanent shift – into my bottom line.

So effectively, I have a kitty and I've given a moderate pushback into margins for 2024. And the balance, I want to use it for my growth. Now how much would I need? I really don't know if it is – if the economy remains this way, I would use part of it for my deals and cost takeout where I would need it upfront. If the economy improves, I may

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not need that much. So I should have that flexibility to play with it, so that I could optimize growth. That's how I saw it. So a part of it, I'm contributing to the margins, a part of it I'm keeping it for investing into growth and investing into the future.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Yeah. No, it's very clear. It does feel like it affords you a lot of flexibility, Ravi. 100% agree with that. So when we polled investors sticking with this margin cost productivity people side, when I polled investors to ask what should I be asking Ravi – of course, there were questions about large deals, bookings, and people, and margins, and everything we just talked about. Generative AI, of course, was the top subject. I've heard Cognizant mention in a lot of podcasts as well as a company to watch with what they do and how they embrace generative AI.

So can you comment on that? There's so many things to talk about it, whether it'd be improving productivity, and I know there's a lot of backlog to work as well. So – but longer term, both from a productivity standpoint and how it might impact Cognizant, but also from a revenue perspective and how it might impact use cases on scope of work for your clients. What do you see as CEO? How do you embrace it?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Yeah. So everybody's talking about it.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

5 minutes to talk generative AI. How do you like that?

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

Everybody's talking about it. So I think it is a inflection point. We never spoke about it in 2022. We spoke about Web 3.0 technologies, and nobody is talking about 3.0. They're all talking about generative AI. It was an inflection point. I'll keep it very short. I think it could potentially be attractive, it could potentially be a huge opportunity. It has two swim lanes. You could apply it to ourselves.

And when we apply it to ourselves, the most work, which is done at the bottom of the pyramid might go away, if you really look at it. I think the smart engineers in any firm will any which way do this. They don't need the instrumentation or the tooling of the company. They will figure it out and they will do it themselves. This game is all about how do I create the instrumentation, the workbenches embedded into the rhythms of work, so that an average engineer at Cognizant can leverage it and become more productive.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Right.

Ravi Kumar Singisetti
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

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And let me make a statement. I might overstate it. A 10x engineer was a myth. We found occasionally a 10x engineer. We loved, we aspired that everybody is a 10x engineer. It didn't happen. A 100x AI-enabled engineer is

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close to reality. Now, again, the good ones will get it. My desire is an average engineer in Cognizant uses it and uplifts it. If everybody does it, there is a short runway where there will be an arbitrage.

Tien-Tsin Huang Q
Analyst, JPMorgan Securities LLC

Right.

Ravi Kumar Singisetti A
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Everybody cannot – if everybody does it, you have to stay ahead of the curve. In fact, a lot of my clients actually told me one of the biggest difference for Cognizant was our associates always walked the corridors and told them about new things coming and how it will apply to their industry. Most of my clients told me that. They want me to keep reinforcing that, which is our strength.

Now coming back to what it does to our employees, so we launched a Neuro platform and we want all our employees to embrace it. That two-in-a-box model, which we have, we hope every client, the delivery partner takes it and leverages that.

What it does to our clients is what enterprise software did 30 or 40 years ago. When enterprise software came, the same question was asked – what does a system integrator do? It's out-of-the-box functionality. But a dollar of enterprise software sold – there are three dollars of system integration to be made today.

What does this do? It gives us an opportunity to create the use cases. There are millions of use cases being created now. It will sell down to a smaller number. It will help us to curate those large data models with customized datasets, curate those experiences, so that we can make it production-grade, and finally, make them ethically responsible, so that it can amplify a human at work or replace a human at work.

So I actually think we have a bigger role to play as a system integrator – to apply it and deploy it to businesses, because these large data models, which are available are not production-grade. They are actually available to be leveraged and exploited – and the opportunity to exploit actually is with us. Even if the hyperscalers do it, the hyperscalers on their own will not do the heavy lift. They have that instrumentation, the AI algorithms on their stack. But they will expect a system integrator or the retained organizations of our clients to exploit it. I think we have a unique opportunity to do that.

So I believe – I will continue to believe it's a bigger opportunity than a threat and any revolution has only created jobs of the future and taken away jobs of the past. The smarter ones will pivot to the jobs of the future.

Tien-Tsin Huang Q
Analyst, JPMorgan Securities LLC

Yeah, no, I agree. And I remember with ERP, cloud, SaaS more recently RPA, there's a lot of threats, but they all turned out to be big opportunities. So it feels like that's the case here.

So I'll leave you with this. And I wish we had more time. [indiscernible] (33:28) we're out of time already. Beyond this cycle and we just talked about generative AI, do feel like there's enough secular opportunity for Cognizant in the industry from an IT services perspective, thinking about generative AI, where we are with cloud and data, security, you pick it, engineering services with Softvision. I know you have a play there as well. So looking beyond the cycle, do you feel like there's more opportunity ahead from a secular perspective.

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Ravi Kumar Singisetti

Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

A

The fact that tech services was used as an enabler in the last 50 years to globalize enterprises – when enterprises went global, they used technology to enable it and to create efficiencies and scale. I think we are going to switch to a second swim lane where technology is going to be deeply embedded into products and services in every industry. Every industry is going to be a tech industry. That transition, we can do the heavy lift with good engineering capability. If I go to a car company, I could be building CRM supply chain, HR systems, now I have an opportunity to be a part of the connected car initiative, just as an example.

So it's a secular shift that the tech spend is not to enable a business but be the business. In fact, some industries will transition from one to the other using technology as a lever, right. A retail company, which has a network more than a healthcare company could be closer to you than your primary healthcare center can get into healthcare with technology as a platform. I'm just giving you an example.

So technologies – the embrace of technology into core products and services, tech providers can use classical technologies to enable it, use deep technologies to embed themselves into products and services. That's a secular trend.

The second is, I'm going to say this provocatively. If technology is so core to businesses, there is a unique opportunity to create muscle within those companies, leave alone outsourcing it. And we could enable build that majority. There is a NASSCOM report. NASSCOM is the IT services India body that in the next three years, 300 global capability centers are going to be established in India.

So with that flexibility, our operating model, which is very flexible, our operating model, which is very client-centric, and we think we are more suited for co-creation. We could help companies build their own muscle, counterintuitively, to support them on the journey of being those tech companies. I think that's a secular trend. Embedding technology into core products, building the muscle in those companies means I don't just lend my human capital, [ph] I've lend (36:45) the value chain of capability building to those companies. That's a trend I think I'm very excited about because I think we are suited – the culture suits us to seize that opportunity.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Good. Great. Well, I dominated the time. I'm getting to the end of the time here. We're 3 minutes over, actually. So forgive me. So yeah, hopefully, Ravi can stick around if there are any questions. Enjoy the conversation. Thank you for being here.

Ravi Kumar Singisetti

Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Thank you so much. Thank you.

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