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Cognizant Technology Solutions Corp.

(CTSH)

Citi Global TMT Conference

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CORPORATE PARTICIPANTS

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

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Bryan Keane
Analyst, Citigroup Global Markets, Inc.

MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

...Citi's Tech Conference. And I'm Bryan Keane. I cover the IT services sector here. We're excited to have Cognizant here and we have Head of Americas, Surya Gummadi, who's going to help us understand what's happening in the IT services market and especially with Cognizant. So with that, Surya, thanks for being here.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

Thank you for having me here.

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QUESTION AND ANSWER SECTION

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

I guess I wanted to just kick off and think about the bigger landscape and we're obviously in dynamic times here. So, maybe you can help us characterize IT services market from your point in the Americas, looking back the last couple of years and getting to today and how you see it going forward.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yeah. So, good afternoon, everyone. The AI has disrupted almost every single value chain, every single market across the planet in the last two years or so. So we have seen the evolution of AI across the sectors. And currently, at Cognizant, we have characterized the AI market opportunity in three steps or three vectors, as we call it. The first step, the clients are leveraging AI to unlock productivity in their value estate. And the next step after they do that is to infuse AI across their tech stack to reduce their tech debt and to start identifying. The third step in the process is deploying agents and agentifying the value chain.

As we see right now, the demand is more in the Vector 1, which is almost every single client is focused on deploying AI to unlock productivity, to drive efficiencies, and to drive cost optimization. As a result, there are a number of cost optimization plays or many cost optimization deals in the market today. But we expect this to evolve into Vector 2, which is industrialization of AI, which is infusing AI across the value chain as we progress over the next few quarters and then, eventually, into the agentification. And we strongly believe that the market opportunity in Vector 2, which is industrializing AI and agentification, is far more than what we are seeing right now in the Vector 1. That's how I would characterize the broad market today that we're in.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah. So I guess before we jump to my next question, when do we get to more scale in AI where we see it visibly in the revenues – the revenue growth? Is that going to be a couple years before we get the Vector 2 in size or can Vector 1 be enough?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

No, no. Vector 1 is already in play. Almost every single client that we work with have deployed AI in some shape or the form to unlock productivity, to drive efficiencies, to drive cost optimization. Now, we are already beginning to see the Vector 2 opportunities, which is industrializing AI and infusing AI across the tech stack. Let me break that down vector – let me break down or break that Vector 2 into two or three parts.

The first step in the Vector 2 is the data layer, where we will have to get the data layer ready for the AI deployment and consumption, which includes getting the LLMs, SLMs, [indiscernible] (00:22:45) and stuff like that. After you do that, the next steps will be the compute layer. You have to modernize your cloud and the infrastructure and things like that. Then comes the digital engineering layer, which is building the native AI applications.

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So right now, clients are beginning to work across all three, data, the infrastructure and cloud, that's cloud and the digital engineering. And even at Cognizant, if you look at our internal service lines, the service lines that support data, infrastructure and cloud and digital engineering are growing faster than company average, which shows that Vector 2 opportunities are beginning to emerge.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

Yeah. Obviously, with Ravi's tenure and large deals has been a key focus, and I think you run a lot of the large deal stuff. I think large deals were up 29...

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

Yeah.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

...deals in 2024 and that was up from 17. In the first half of 2025, though, I have large deals at 10 versus 13 in the first half 2024. So has some momentum stalled in the large deal based on what you're seeing in the Americas?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

No, not really. So first of all, large deals has been focus area for Cognizant for the last three years. We have overhauled a large deal engine. We have built surround around it. We have built the support system around it. When we also have strengthened our execution muscle for the large deals. So historically, over the last few quarters, we have been winning four to six large deals each quarter consistently. And sometimes these large deals tend to get lumpy. So for example, in the last quarter, we announced $2 billion deals in the same quarter. It just so happened that sales cycle panned out that way. So it might come across as if it is a bit lumpy in few quarters, because that's the nature of the large deals. But we're very confident and we're – of our pipeline in the large deals. And as I said, we have been winning four to six large deals consistently each quarter. These are $100 million plus deals. And we will continue to focus on structure and go after mega deals, too. And when I say mega deals, these are $500 million plus deals or $1 billion plus deals.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

And then we did see a bounce back in small deals in the second quarter. Can you just talk about, are we seeing that pickup in discretionary work in the Americas or is that too early?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

No, it is both. So there are certain sectors where we are definitely seeing pickup in the discretionary spend on deals. And case in point, being the financial services and the insurance segment where we are seeing green shoots or the demand pickup in the small projects and the discretionary spend. But when we look at other markets, I mean, for example, in the healthcare [indiscernible] (00:25:35) healthcare continues to be a little cautious because it's a tale of two cities across payers, providers, and biopharma medical devices. Payers and providers are cautious watching the government spending dynamic across Medicare and Medicaid sectors. And

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whereas life sciences companies are a little more cautious in the broader trade and tariff situation. As a result, spending in healthcare still continues to remain cautious.

And in the products and resources, which includes retail, manufacturing, logistics, utilities and – not utilities – the hospitality segments, they are more impacted by the trade, the trade anxiety. They have more anxiety related to the macroeconomic dynamics. So there, we see a bit of congestion in the small deals and the spend. And there is no significant departure in the discretionary spend in communications and media and tech to where we were one or two quarters ago. So it's not uniform across. There are certain sectors like financial services and insurance where we're seeing the uptick. There are certain sectors that remain cautious. There are certain sectors that are still congested. And it's kind of – it's all over the place there.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah. So I guess taking those two sectors, the healthcare sector and financial services, both have kind of reversed their growth rates. I guess, why is that? And then what's the outlook for growth in those financial services and healthcare, in particular?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

For Cognizant, too?

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah. For you guys and Americas...

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yes.

[indiscernible] (00:27:12)

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

I mean, both financial services and healthcare have been our largest businesses for many years. And let's talk about financial services. This has been our largest business unit for many years. And over the past several years, I think we had – we did not perform that well in financial services for two reasons. One is the market. There are the macroeconomic issues or the macro market issues. And second was we had our own Cognizant-centric structural issues when it came to financial services. So over the last two or three years, we have addressed our Cognizant-inherent structural issues. So when I say that, so we have brought in the focus at subsegment level in financial services. Earlier financial services was all lumped as one unit, so we have broken that down into several units to bring in the subsegment wise focus. We have infused a fresh leadership team in mix. And we have aligned well with the market. So we have aligned well. Our strategy in financial services is now well aligned with the market in terms of solutions that we offer and things like that.

As a result of all of this, we saw a good rebound in Financial Services segment after many years. Actually, for the, if I'm not wrong, the last four consecutive quarters, we have delivered year on year growth in Financial Services

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segment. And we feel good about it now that – as I said, that since we feel we are seeing green shoots and discretionary spend coming back in financial services, I feel good about that side.

Healthcare has been our strongest business, if I say, for a long time because we serve the entire continuum in healthcare. We serve the entire nine yards. We serve payers. We serve providers. We serve biopharma, medical devices. It's just not that. We also have our own platforms for the healthcare market, the TriZetto suite of platforms. And it's a privilege and honor for me to say that TriZetto platforms cover two-thirds of US insured population across two-thirds of US – roughly two-thirds of US insured population [indiscernible] (00:29:16). So that's a huge responsibility on us to improve the health of communities that we live in.

So with this kind of deep and domain expertise in healthcare, we – our solutions and our go-to-market offerings in healthcare continue to remain strong. So I think we're going to build on our platform strength. We're expanding our platforms into our adjacencies, into provider market in the healthcare space. So we continue to feel strong and good about our healthcare business.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Got it. Looking back at the March Analyst Day, I know you highlighted five areas of focus for the Americas portfolio. Two of those areas I wanted to ask about were the underpenetrated markets and then industry leading platforms. Can you just help us understand those two levers and how there might be some upside potential?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yes, sure. Cognizant operates in four broader markets, which is financial services; health; communications, media and tech; and products and resources, which includes retail, manufacturing and things like that. Underneath these broad market segments, there are certain subsegments that Cognizant never participated in or Cognizant is light. We did not – we are underpenetrated. Some of those examples of underpenetrated segments are like healthcare provider. While we are extremely strong and deep in healthcare, we are little relatively light in provider segment which is underpenetrated for us. Same thing with communications and media. While we are present, but we are not present to the extent that we want to. And there are certain market segments like aerospace and defense, oil and gas where Cognizant never participated in that market in the past.

So as a strategy earlier this year, we have identified some of these subsegments within these broad markets where we would want to double down on and where we would want to focus more on. So we have executed on provider and communications and media and tech. So we have added more talent. We have strengthened our offerings in that segment. We have enhanced our go-to-market teams in those segments. So we are executing well on the plan that we had for both provider and communications and media.

On aerospace and defense, last year, as you all know, we have made an acquisition of Belcan which directly provides us access to aerospace and defense market. It not only provides access to aerospace and defense market, it also helps us strengthen our engineering muscle. So we plan to address. So we will continue to address our underpenetrated market segments and the market segments where we do not have presence today either through building solutions in-house or looking at acquisition opportunities or both.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

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Got it. Wanted to ask about the platform piece of that strategy and how you guys are going to price that and if you're seeing any traction there.

Surya Gummadi A
President-Americas, Cognizant Technology Solutions Corp.

Right. I mean as we spoke about our healthcare platforms in the TriZetto suite, so we are trying to double down on our platform strategy in the healthcare market because we have relevant platforms there. We're trying to expand into adjacent markets, leveraging our platforms. We're trying to expand TriZetto into healthcare provider. And we're also trying to expand TriZetto – we're considering expanding TriZetto into insurance market, property and casualty, life insurance market. So we are exploring opportunities in both ways. And in provider, I think we have built prior authorization applications around our platform, connected our platform to the clearinghouse.

So the strategy there is to – wherever we have platforms, we want to expand into adjacencies. In the markets that we do not have platforms, we will continue to look for the right asset to acquire a platform into that market segment. And by the way, this is outside of the AI-related platforms that we talk about, our Neuro suite of platforms and things like that. Those are more AI-related platforms that are broader across the markets.

Bryan Keane Q
Analyst, Citigroup Global Markets, Inc.

Yeah.

Surya Gummadi A
President-Americas, Cognizant Technology Solutions Corp.

And the platforms like TriZetto are more domain-centric platforms. So we are focused on both.

Bryan Keane Q
Analyst, Citigroup Global Markets, Inc.

Got it. So obviously, we've talked a little bit about the elephant in the room, AI. As you know, harken everybody in the halls, there is the big debate on...

Surya Gummadi A
President-Americas, Cognizant Technology Solutions Corp.

Yeah.

Bryan Keane Q
Analyst, Citigroup Global Markets, Inc.

...where is AI and what's it going to mean for IT services. The big question and pushback we always hear is, is it the IT service vendor are going to have to give up productivity gains as the corporation is serving and generating. And then obviously, you serve and generate less revenue versus the old model which was head count based. 30% of code is now AI-generated, which you guys talk about. But the fear obviously is that's just going to be less revenue generated from Cognizant. Can you just help us understand?

Surya Gummadi A
President-Americas, Cognizant Technology Solutions Corp.

Yeah.

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Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

That's the [indiscernible] (00:34:25) that everybody's worried about and how that doesn't hold water.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yeah. So I think as I articulated earlier, we see AI opportunity in three vectors, as I said. And right now, the Vector 1, which is the productivity unlocking is where the maximum focus and attention is across in the market. When we execute projects in Vector 1, yes, clients expect the productivity back. Some of the productivity savings or most of the productivity that we unlock in the Vector 1 is passed back to the clients. But the way the Cognizant is addressing that issue is when we unlock the productivity in an estate for a client, we backfill that by two means. Either we go back to the client and we articulate that we can burn down more of inventory for the same cost, or we can do more for the same, or we can leverage the funds that are unlocked to do some of the additional projects. That is one way to backfill the productivity part of it.

On top of it, when we proactively or reactively go to clients, we also build a broader solution around consolidation. So, we make a pitch for consolidation and say that we'll not only unlock the productivity in our estate, we'll also unlock the productivity in the surround if you give us an opportunity. So that helps us, A, retain our base of estate and grow on top of it. So that way, I think there is – I strongly believe there is still certain amount of growth in the productivity vector.

On top of it, when you transition to Vector 2 and Vector 3, these are – there is tremendous amount of opportunity there, which remains untapped. So we are broadly speaking right now. At Cognizant, we have – we started speaking about pivot from SDLC to ADLC, software development life cycle to agent development life cycle where it is humongous opportunity across – in the Vector 2 across data, compute and the application layer where you'll have to – where service providers or SI firms are needed or will be required to help clients build those agents across as you pivot from SDLC to ADLC. And the surface area of ADLC will be much higher than SDLC as the agent to user ratio, business user ratio is much higher compared to the traditional software.

So we see that there is a tremendous opportunity in Vector 2 and Vector 3 is agentification. As I said, we already see some of the products emerging in both Vector 2 and Vector 3. And we believe the growth rates of Vector 2 and Vector 3 will be far higher than what we are seeing in the Vector 1.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

So they will outgrow to give the breakaway growth opportunities for firms like Cognizant. And we see those evolving right now. The market is evolving into Vector 2 and Vector 3.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

How do we think about the – as AI evolves and we get into Vectors 1 – in 1 and then now 2 and 3, how do we think about the pricing models? Traditionally, it's been a time and material...

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Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yeah.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

...head count model. But now we're going to have to move more to productivity [indiscernible] (00:37:44) based and different kind of platform-based models. How do you think about that transition?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

So the pricing models will evolve over a period of time. You're right, actually. Historically, we have been consistently pricing as a time and material or fixed spread, in some cases outcome-based. From there, we pivot. Now, we'll have to pivot now to a hybrid pricing model where you have a digital workforce, digital agents and a physical workforce, and then where you would have to price for value, price for outcomes with risk baked in. So, these pricing models will evolve. As we started doing some of these large deals with Vector 2 and Vector 3 components involved in it, so we're already working on some of those pricing models at Cognizant where we pivot more towards value, outcome driven, hybrid with digital workforce and physical workforce and things like that.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

The other pushback we hear is that there's a lot of internal resources that people want to do their GenAI in-house. They don't want to outsource to other vendors. Are you seeing that in the marketplace that there's a little bit of a – we don't want to commoditize our data out to others. We want it internally only.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

No, actually, I don't see that. There was a discussion around that two or three quarters ago. But now, I think the clients have gotten over that because now if you have to deploy AI at scale across enterprise, so they need participation of service providers to that market.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Can you talk about just in Vector 2 and 3 in your crystal ball, which it's going to be difficult, but when do we see – in the horizon and the pipeline, when do you see that becoming – as you said, it's Vector 2 and 3 are going to be more material...

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Right.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

...for you guys. But when does that happen? Is that six months, 12 months? Are we still three years away from those vectors that really hit it?

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Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

No, as – I don't. I know. Actually, as I said, in Vector 2, we participate through three service lines within Cognizant, the data, the cloud and the digital engineering. All those three subsegments of service lines in Cognizant are growing much faster than the company average, which indicates that the opportunity in Vector 2 is already taking off. I mean, to predict when it reaches its peak, it's little hard to articulate at this point in time. But we strongly believe that Vector 2 is taking off right now because we're seeing those opportunities and the subsegments within Cognizant that support or that serves those Vector 2 are growing much faster [ph] than the Cognizant average (00:40:39).

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

So what's holding back Cognizant and other IT service companies from growing back to high single digits to low double digits, the industry, let's say, because you're seeing depressed growth rates. You see positive commentary from management teams, but the numbers don't reflect the positive commentary.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yeah.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

When do those two things align where we can see the organic growth be back to at or above the previous growth rate?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

See, right now, the whole market is, I would say, more concentrated on Vector 1. Vector 1 is more of a consolidation play or more of optimization play, cost optimization [ph] of consolidation with (00:41:19) unlocking productivity and driving efficiencies as a hedge. So that vector is – because you're compressing the market to certain extent and providers like us are trying to expand by consolidation, so that's why I think you'll see the growth rates that you're seeing in the market today.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Once we pivot to Vector 2 and Vector 3, I think we should start – Vector 2 and Vector 3 are expected to grow at a much faster rate than Vector 1.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

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Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

And when that happens, the market should pivot back to the growth rates that you just mentioned. But then whether it is two quarters from now, three quarters from now, I mean, it depends on a lot of other macro dynamics that we're dealing with today in the market, too.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

Once Vector 1 is consolidated, I think now the Vector 2 continues the trajectory that it is on right now. I expect it to progress swiftly from there, barring all things being equal from the – macroeconomic dynamics ease a little.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

So as Head of Americas, how much visibility do you have in the pipeline in deal signings and the revenue trajectory? Is it still pretty macro sensitive, so only three months that you can really know for sure or is there enough of a pipeline that you can see it out 6 to 9 months?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

I mean, it's segment specific again. So for example, in segments like financial services and healthcare, we have relatively more visibility, for segments like products and resources which are very dependent, which is retail manufacturing and the group, which are very heavily impacted by tariffs and the trade situation. I think they have relatively less visibility. Their focus is more on short term. But as the sectors which are kind of relatively more confident, relatively more insulated from the macro dynamics, we have a long-term view.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

Got it. In the Americas, can you just talk about the overall company's focus on margins guidance and their ambition to improve margins? How does – obviously, Americas is a big percentage...

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

Yeah.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

...of revenue, so you're obviously a big part of that. Can you talk about what you're doing to lever the margin?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

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I mean, always the focus is growing revenue and at a healthier margin or at a relatively good margin. So that has always been the focus and that will continue to be the focus. We're doing a wide variety of things. For example, when we – as I said, we not only strengthened our large deal sales part of it, we also have strengthened the large deal execution part of it so that we stay on track on bid versus bid. So we have rigorous governance processes within to make sure that we are delivering on bid and to make sure our bid versus bid is the right place, because we have unprecedented focus on large deals. So we continue to do that. That's one thing that we are rigorously executing on that.

The second thing, then we have executed next gen at Cognizant as you know and we continue to see the benefits of that. And we will continue to remain focused as this market evolves and as this pivots to AI on the revenue per resource and the traditional levers like pyramid optimization, global delivery and things [indiscernible] (00:44:36). So we will continue to execute on the traditional levers. We will continue to focus and execute rigorously on our large deal governance and large deal delivery and execution. And we will kind of continue to look for other levers to make sure that we grow revenue at the right margins.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Where's the market and pricing right now? And I think competitively, [ph] if demand's (00:45:01) discretionary spend is lower and if it's just – or if it's the productivity that's driving a lot of it, you would think that vendors were still going to be super aggressive on price in order to win any business at all. So, is there any upside to pricing? I mean, I'm sure there's upside. But is there any signs of that pricing stabilized at least?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yeah. The pricing market – the pricing scenario in Vector 1 continues to remain highly competitive because it's more of a productivity play. And it is a little more competitive than what it used to be a year ago, I would call in Vector 1.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

But as you pivot to Vector 2 and Vector 3, where specialized skills are needed, specialized – special folks. Because in Vector 2, you not only need technology prowess, you also need domain, you need context, you need relevance to the client environments. There, I expect the pricing to be a little more premium and the pricing to evolve from where we are in the Vector 1, which is highly competitive. So the moment you transition to Vector 2 and Vector 3, there'll be premium pricing in those segments.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

So how do you guys compete versus your main competitors in Vector 2 and 3?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

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In terms of pricing, you mean?

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

No, in just terms of win rate or...

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Oh, yeah.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

...or experience that you pitch to the table when you're pitching it.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Right. So I think it's – thank you for asking that. Our unique differentiator when it comes to Vector 2 and Vector 3 is how we bring together three or four key dimensions, which is a deep domain expertise in the markets that we serve, like healthcare, financial services and other segments. Combine that with our client context, we have – Cognizant historically had deep partnership with select few clients that we have served. Combine that with deep domain expertise, with the context of the client that we have along with the investments and the AI that we have made in the last 1.5 years, 2 years. I think we were the one of the first few players to pledge $1 billion. We have invested a lot in building the last mile infrastructure. We invested a lot in strengthening the AI muscle across the firm. So, we bring these three or four entities together. Our AI capability and strength, combine that with our deep domain expertise on the client context, which is very important in the Vector 2 and Vector 3. Along with technology, you need to know the client context to identify the value chains. That is going to be our unique differentiator for Cognizant.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

I want to ask you about M&A, and I know we're running out of time. But I have to ask you about the culture of Cognizant since Surya, you've been there a few years, one or two. But I think you started originally as a fresher originally?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Yes.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

So you have a huge history. I've covered Cognizant for many years, but you have maybe – I'm interested in – we could go back a lot of years here. But maybe over the last five to seven years and then the transitions that happened with the new CEOs, with Bryan coming in and now Ravi, and where are we culturally at Cognizant? And you've seen a lot of different regimes. So I'm just interested to get your perspective.

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Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

So this is – I just completed 25 years at Cognizant.

[indiscernible] (00:48:36)

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

You're right. Thank you. I just – I joined Cognizant as a fresher when the Cognizant was a start-up in many ways.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

So I have seen the evolution of Cognizant, growth of Cognizant, hyper growth of Cognizant, the next phase of Cognizant and now the resurgence of Cognizant. I've seen it all. See, the one thing that remained constant across all these eras is the client-centricity, which we call it as a DNA of Cognizant, that – or you can call it as a culture of Cognizant. We – Cognizant was built on client-centricity and we continue to be very client-centric and client focused. And that is one of our unique differentiators. Even if you ask our clients to tell something that is different for Cognizant, they would name today – even today. That is one thing.

Over the last five or seven years, I think, yes, there was a few transitions, but now the business is more stable. So actually, if we look at the first phase of Cognizant, I think since we grew as a start-up and we went through the hyper growth phase and things like that, so we were more of a – we still carried that start-up mentality. We were large/small company in many ways. And so the pendulum was completely on one side when it came to the agility, decentralization and things like that.

The next phase, [indiscernible] (00:49:59) we were trying to correct that to get to the right point. But unfortunately, we swung it a little completely on the opposite side. So that's when clients started seeing us as more rigid, tough to work with, highly process or very rigid on processes and things like that. With Ravi coming in, we are trying to bring the pendulum back to the middle. And ever since Ravi has come, we said the focus for Cognizant is going to be growth. It's not change, it's growth. So that's when we said we're going to double down on large deals. We want to get it back to the winner's circle. We want to fill our capability gaps. So it was all around growth, growth and growth.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.
Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.
A

So I think we have executed on that really well. And for someone who has been here for 26 years, I feel the Cognizant's culture is still intact.

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Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

And to me, even after 25 years, I still feel that – today morning when I woke up, I feel that this is my first day at work. So I feel as excited as I was back then. So I feel...

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Yeah, that's great. I know we only got about 60 seconds here, so wanted to ask about how Belcan is doing organically, because I know it was – there was some issue there you guys had called out. So how is that doing organically? And then any other M&A assets that you guys might be adding here because I think it's $500 million available to invest this year?

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

A

Belcan is – the integration of Belcan into Cognizant is on track and Belcan is doing well for Cognizant as per our plan. Obviously, the market dynamics of when we acquired Belcan to what where we are right now have changed. But Belcan's performance is as per our plan and integration also is on plan.

Coming to the acquisition, I mean, we are constantly on lookout for the right opportunities and our focus for capital deployment or M&A is on three dimensions. One is either we get access to the newer market or underpenetrated market that we are in or would help us build the capability that is missing in Cognizant or would help us expand into new geographies that we are not present today. So if – we're looking for assets that fix one of these or a combination of these, and we are on lookout for the right opportunity. And we will continue to look at either tuck-in acquisitions or the acquisitions of size that satisfies these three criteria.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Okay. With that Surya, we're going to keep it there. Thanks so much. Thanks for being here.

Surya Gummadi
President-Americas, Cognizant Technology Solutions Corp.

Thank you. Thank you so much.

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