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Cognizant Technology Solutions Corp.
(CTSH)
Q1 2022 Earnings Call
CORPORATE PARTICIPANTS

Tyler Scott  
Vice President, Investor Relations, Cognizant Technology Solutions Corp.

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Jan Siegmund  
Chief Financial Officer, Cognizant Technology Solutions Corp.

OTHER PARTICIPANTS

Tien-Tsin Huang  
Analyst, JPMorgan Securities LLC

Bryan C. Bergin  
Analyst, Cowen & Co. LLC

Moshe Katri  
Analyst, Wedbush Securities, Inc.

Lisa Ellis  
Analyst, MoffettNathanson LLC

Ashwin Vassant Shirvaikar  
Analyst, Citigroup Global Markets, Inc.

Rod Bourgeois  
Analyst, DeepDive Equity Research, LLC

Brian Essex  
Analyst, Goldman Sachs & Co. LLC

Keith Bachman  
Analyst, BMO Capital Markets Corp.

James E. Faucette  
Analyst, Morgan Stanley & Co. LLC

Bryan C. Keane  
Analyst, Deutsche Bank Securities, Inc.
MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to the Cognizant Technology Solutions Q1 2022 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

I would now like to turn this conference over to Mr. Tyler Scott, Vice President, Investor Relations. Please go ahead, sir. You may begin the presentation.

Tyler Scott  
Vice President, Investor Relations, Cognizant Technology Solutions Corp.

Thank you, operator, and good afternoon, everyone. By now, you should have received a copy of the earnings release and the investor supplement for the company's first quarter 2022 results. If you have not, copies are available on our website, cognizant.com.

Speakers we have on today's call are Brian Humphries, Chief Executive Officer; and Jan Siegmund, Chief Financial Officer.

Before we begin, I would like to remind you that some of the comments made on today's call and some of the responses to your questions may contain forward-looking statements. These statements are subject to the risks and uncertainties as described in the company's earnings release and other filings with the SEC.

Additionally, during our call today, we will reference certain non-GAAP financial measures that we believe provide useful information for our investors. Reconciliations of non-GAAP financial measures, where appropriate, to the corresponding GAAP measures can be found in the company's earnings release and other filings with the SEC.

With that, I'd like to turn the call over to Brian Humphries. Please go ahead, Brian.

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Thank you, Tyler. Good afternoon, everyone. Thanks to our talented employees, we delivered on our first quarter commitments in what continues to be an intensely competitive global labor market. First quarter revenue was $4.8 billion, up 10.9% year-over-year in constant currency, above the midpoint of our first quarter guidance of 10.2% to 11.2% growth.

Growth was led by digital, which grew 20% year-over-year and now represents 50% of our revenue. We had another exceptional quarter in digital business operations which continues to meaningfully outgrow the BPO market, reflecting momentum in intelligent process automation and digital-native clients.

First quarter operating margin was 15%, down slightly sequentially as expected, reflecting seasonality. First quarter bookings growth of 4% was in line with our expectations following exceptional bookings growth in the fourth quarter. On a trailing 12-month basis, we have a robust book-to-bill ratio of greater than 1.2 times revenue reflecting bookings of over $23 billion. Given a healthy pipeline, we anticipate bookings growth acceleration in the second quarter and for the full year.
Over the last three months, I’ve met employees, partners, and clients across four continents. While the global economic environment is uncertain, based on these interactions, I remain optimistic about IT services industry demand for the foreseeable future.

Clients are making the shift to digital operating models to become more agile, automated, and innovative. They know that it is the only way to deliver customer-centric user experiences and hyper-personalization, to simplify complex workflows and to build a modern operating infrastructure that’s scalable and resilient.

Our strategic repositioning enables us to engage more deeply with clients, helping them to succeed and supports our growth trajectory. Our capabilities are in strong demand as digital becomes mainstream. Ultimately, I believe that our scale in India, complemented by our growing global delivery network will differentiate us as clients seek talent and business stability.

Meanwhile, the labor market continues to be challenging, with industry-wide elevated attrition, demand/supply imbalances, and inflationary pressure. I’d like to thank our teams across the globe for their leadership, patience, and engagement as we navigate these challenges and execute against our client commitments.

Today, more than ever, employees demand that we invest not just in total rewards including compensation, but also in the end-to-end employee experience, their skilling, and career advancement. Cognizant has always been known for our investment in our people, and in the last year, we’ve built on this legacy with accelerated skilling and enhancements to our promotion framework.

First quarter voluntary attrition fell 5 points to 26% on an annualized basis, or 29% on a trailing 12-month basis. While we made sequential progress reducing voluntary attrition for the second consecutive quarter, we anticipate attrition will remain elevated for the full year and will increase in the second quarter, reflecting seasonality.

To mitigate labor cost increases and the investments we are making in our people, we continue to execute against a series of measures, including our automation agenda, pyramid and shoring optimization, and indeed pricing.

Turning to the industry segments, in Financial Services, our ongoing recovery continued with growth of 6% year-over-year in constant currency, reflecting the sale of our Samlink subsidiary in February. We continue to make progress repositioning the business towards higher-growth and higher-value services and solutions with a more focused client set. We expect the pace of recovery in banking and insurance to continue with strong demand for digital transformation.

One client whose digital transformation journey we’ve been supporting is ABN AMRO Clearing Bank. We are transforming the bank’s IT landscape into a hybrid cloud platform with a focus on security and regulatory compliance. We’ll be implementing an end-to-end secure, scalable, and compliant infrastructure-as-a-service model in support of the bank’s IT modernization agenda.

In Healthcare, revenue grew 9% year-over-year in constant currency, with particularly strong growth in life sciences. Our investments to modernize the TriZetto product portfolio, which includes the integration of AI and machine learning capabilities continue to pay off. Our clients are responding to our commitment to deliver next-generation platform solutions that help them offer patients real-time insights and personalized care.

We’re keeping our products cutting-edge, building new solutions across the value chain and capitalizing on the opportunity at the intersection of health and digital in areas such as virtual care and telehealth.
During the first quarter, we announced our collaboration with Microsoft to deliver a new digital health solution, designed to improve medical care. Leveraging Microsoft Cloud for Healthcare, our new solution is the first of several planned offerings that combine remote patient monitoring and virtual health, using products like smartwatches, blood pressure monitors, and glucose meters to collect and communicate patient health data to providers.

Wellmark Blue Cross and Blue Shield, a leading health insurer with more than 2 million members, is a great example of how we're partnering with AWS to drive digital transformation. Wellmark aims to improve the experience of their stakeholders by accelerating cloud migration and data modernization, all while strengthening their information security.

In Products and Resources, we continue to see excellent growth in client success across travel and hospitality and in manufacturing, logistics, energy, and utilities. Automation is top-of-mind for clients like Pacific Gas & Electric, which sought our help to realize their vision for a new digital productivity Center of Excellence that aims to reduce manual efforts, simplify their automation tools, and provide agile and scalable solutions for their business and IT users.

To that end, our IPA team helped deploy Microsoft Power Platform and simplified our tool sets with Cognizant Neuro, a recently-announced intelligent automation fabric. PG&E is now well on its way to saving a million hours of work through low code, no code automation.

Finally, in Communications, Media and Technology, we saw continued strength in technology where we've sustained double-digit growth over the last four quarters.

I'd like to briefly switch gears now to the Future of Work, a universal topic amongst the C-suite with enduring societal implications.

Organizations around the world are deliberating how to best attract, engage, and retain employees. The events of the past few years have prompted people worldwide to question their life and work choices, including how and where they work. In the meantime, executive teams are determining how to best nurture company culture and values in the face of today's labor market realities and a hybrid work environment. These socioeconomic questions also intersect with business practicalities such as real estate strategy, one of the many things we are currently reviewing.

One of the prominent business themes of our time is the relationship between purpose and work. Purpose encompasses all the values that drive peoples' choices, actions, and attitudes, from wider, social and environmental goals to professional and personal objectives such as a healthy work-life balance. That's one reason we put so much time, thought, and energy into developing and activating a compelling purpose, vision, and set of values for our company, which express our commitment to making a positive impact on the environment and the wider society.

We continue to advance our ESG agenda, applying our knowledge, portfolio, and partnerships to engineer new levels of environmental and social benefits for our company, clients, and communities. In April, we announced that we will source 100% renewable energy for all our global offices and facilities by the end of 2026. Sourcing 100% renewable energy supports our goal and as last year, to achieve Net Zero greenhouse gas emissions by 2030 in response to client expectations that business transition to a low carbon economy.
We also want our employees, clients, partners, and other stakeholders to better understand today's Cognizant, which is why, during the first quarter, we modernized and reintroduced our brand to mirror the company we've become: the services leader with world-class digital solutions and talent. Our brand now carries the tag line, Intuition Engineered. This is our promise to engineered clients' businesses so they can anticipate and meet their customers' needs with the insight and speed of intuition.

As a global company, we will always stand with the right of people to choose a path of self-determination and democracy. To weight humanitarian relief efforts for Ukraine, Cognizant contributed $1 million in grants to several organizations that are delivering food, water, shelter, health care, and economic assistance. We join the international community in hoping that a path to lasting peace can be found soon.

In closing, I believe we are strategically well-positioned to capture a large, growing addressable market and drive profitable revenue growth. A month ago, I marked my third year anniversary leading Cognizant. While we are a company in transition, our evolution has been significant across multiple dimensions. We're putting the company in a strong growth trajectory, and I'm optimistic about Cognizant's prospects as we bolster our portfolio judiciously to not only build and run clients' technology foundations, but also transform their enterprises into modern businesses.

And with that, I'll turn the call over to Jan, who will cover the details of the quarter and our financial outlook before we take your questions. Jan, over to you.

Jan Siegmund  
Chief Financial Officer, Cognizant Technology Solutions Corp.

Thank you, Brian, and good afternoon, everyone. Our first quarter results reflect continued momentum within our digital portfolio. While overall uncertainty around the economic outlook has increased, we continue to see a healthy demand environment across our portfolio of services and offerings.

Q1 revenue was $4.8 billion, representing an increase of 9.7% year-over-year or 10.9% in constant currency. Year-over-year growth includes approximately 220 basis points of growth from our recent acquisitions partially offset by a negative 40 basis point impact from the sale of Samlink completed February 1.

In Q1, digital revenue grew 20% year-over-year and represented approximately 50% of total revenue. During the quarter, we reviewed the scope of our digital revenue definition to ensure alignment across digital skills, growth priorities, and our pricing initiatives. This is the first time we have reviewed our definition since we updated it in 2020.

Under the new definition, Q4 2021 digital revenue would have been about 49% of total revenue, approximately 4 points higher than the 45% we previously reported. For this quarter only, we are also providing some additional information to highlight the change in our digital definition.

Under our previous definition, digital would have grown 18% in Q1 and represented approximately 47% of revenue. As Brian mentioned, Q1 bookings grew 4% year-over-year which resulted in trailing 12-months booking of $23.4 billion representing a book-to-bill of approximately 1.2, unchanged from Q4. We believe this book-to-bill provides us a healthy opportunity to support our full year growth ambitions.

Moving on to segment results for the first quarter, where all growth rates provided will be year-over-year in constant currency.
Financial Services revenue increased approximately 6%. Trends within this segment were consistent with last quarter, as positive momentum within our North American banking business and improved performance in insurance were offset by softness in our global banking portfolio.

Q1 growth also included a negative 130 basis point impact from the sale of our Samlink subsidiary. We remain focused on investing in our talent and digital capabilities while targeting growth opportunities with new and existing clients aligned to our strategy.

Healthcare revenue increased approximately 9%, primarily organic, driven by demand for digital services among pharmaceutical companies within our life sciences business around digitization of clinical trial processes and modernization of manufacturing operations.

Products and Resources revenue increased approximately 15% driven by double-digit growth across all sub sectors within the segment. Segment growth also benefited from recently-completed acquisitions which contributed approximately 500 basis points to growth.

Communications, Media and Technology revenue grew 20%, primarily organic, reflecting growing demand for data services and our work with leading digital-native clients which has continued to support growth in our core portfolio.

From a geographic perspective in Q1, North America revenue grew 9% year-over-year. Growth continued to be led by life sciences, manufacturing, logistics, energy and utilities, and communications and technology clients.

Our global growth markets, which include all revenue outside of North America, grew approximately 17% year-over-year in constant currency. Growth was led by 20-plus percent growth in the UK where we saw strong double-digit growth within Financial Services including public sector clients, Products and Resources, and Communications, Media and Technology segments. We also continued to experience strong growth in Australia and Germany, driven in part by our recent acquisitions.

Now moving on to margins. In Q1, our GAAP and adjusted operating margins were 15% as there were no non-GAAP charges in the quarter. On a year-over-year basis, operating margin declined by approximately 20 basis points.

The largest headwind remains increased compensation costs including the cost of subcontractors. Partially offsetting these headwinds were delivery efficiencies, slowing growth of SG&A, and depreciation of the rupee against the dollar. Our GAAP tax rate in the quarter was 23.3% and the adjusted tax rate in the quarter was 22.5%, which benefited from discrete items which we do not expect to repeat.

Q1 diluted GAAP EPS was $1.07 and Q1 adjusted EPS was $1.08.

Now turning to the balance sheet. We ended the quarter with cash and short-term investments of $2.3 billion and net cash of $1.7 billion. Free cash flow in Q1 was $186 million, representing approximately 33% of net income. As a reminder, Q1 is seasonally our softest quarter for free cash flow primarily due to the timing of bonus payments.

DSO of 72 days increased by three days sequentially and by two days year-over-year.

During the quarter, we repurchased 5 million shares for $444 million under our share repurchase program and returned $143 million to shareholders through our regular dividend.
Turning to guidance, for Q2, we expect revenue in the range of $4.9 billion to $4.94 billion, representing year-over-year growth of 6.8% to 7.8%, or 9.3% to 10.3% in constant currency. Our guidance assumes currency will have a negative 250 basis points impact as well as an inorganic contribution of approximately 100 basis points.

For the full year, we are increasing the organic growth outlook assumption in our guidance, reflecting strong performance in our digital portfolio and a healthy demand backdrop. However, we are tightening our constant currency outlook at both ends of the range, which reflects our improved organic revenue growth. This is partially offset by a lower expectation of inorganic growth, which we now expect to contribute approximately 100 basis points to full year growth versus 200 basis points previously.

Our reported revenue outlook now assumes a negative 180 basis points impact from currency versus 70 points previously, which equates to roughly $200 million headwind in reported revenues. This leads to a revised reported revenue guidance range of $19.8 billion to $20.2 billion, representing 4.2% to 9.2% growth, or 10% to 11% in constant currency. This compares to our previous guidance of $20 billion to $20.5 billion, which represented growth of 7.8% to 10.8%, or 8.5% to 11.5% in constant currency.

Our capital allocation framework is unchanged. While we did not complete any acquisitions in Q1, we remain active in pursuit of acquisitions aligned with our strategy. We will stay disciplined as we analyze the acquisition pipeline and thoughtful as we assess the best use of capital.

For the full year, we expect to return at least $600 million through share repurchases, subject to market conditions and other factors.

Moving on to adjusted operating margin. Our adjusted operating margin outlook is unchanged and we continue to expect approximately 20 to 30 basis points of expansion versus 2021.

Our outlook for operating margin continues to assume industry supply-side constraints and elevated attrition for the remainder of the year. Headwinds to operating margin include increased compensation cost, T&E, and return-to-office costs, which we expect to offset through delivery efficiencies, digital revenue mix, pricing, and SG&A leverage and discipline. We currently expect to see some gradual improvement in our operating margin in Q2.

This leads to our full year adjusted EPS guidance of $4.45 to $4.55 compared to $4.46 to $4.60 previously, which primarily reflects the FX impact on our reported revenue outlook. Our full year outlook assumes interest income of $25 million and average shares outstanding of approximately 522 million, both unchanged from our prior outlook. We also continue to expect a tax rate of 25% to 26%.

Finally, we are still targeting full year cash flow conversion of approximately 100% of net income. However, there are several moving pieces that could cause us to fall below our goal. Key factors impacting our conversion rate include the timing of certain payments, cash taxes, and higher CapEx. We remain focused on our working capital initiatives to offset these headwinds for the remainder of the year.

With that, we will open the call for your questions.
QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] The first question comes from the line of Tien-tsin Huang with JPMorgan. You may proceed with your question.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Thank you so much. Good afternoon, everyone. Just I want to ask on bookings up 4%, you said that was in line. I think the math, I guess my simple math suggests that it's a pretty solid book-to-bill in the quarter too in addition to the trailing 12-month figure that you shared. Is that accurate? And maybe can you give us a little bit more on why you're confident in the acceleration for the rest of the year in bookings? Thanks.

Brian J. Humphries
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Hey, Tien-tsin. It's Brian here. So, look, all-in-all, we actually had an exceptional Q3, Q4 in bookings. If you remember, both quarters were up in excess of 20% year-over-year, and so some of that, there's natural behavior in a commercial team to pull in bookings in the latter part of the year to maximize their variable compensation, so the compare is what the compare is.

But I feel very good about where we are. A book-to-bill of 1.2, the book-to-bill in the quarter is fine too, and generally good momentum behind digital bookings as well. So our pipeline plus the book-to-bill ratio which is very healthy at this moment in time give me confidence that we continue to do the right thing.

On the contrary, we don't really have what I would view a demand issue. As an industry that is faced with elevated attrition, the trick is always to optimize how much you want to sell, otherwise you'll end up frustrating clients if you can't deliver against it. So it's more a demand/supply imbalance, labor cost, and attrition dilemma than a top-line dilemma at this moment in time.

Now, in the same vein, I'll be the first to say that the economic backdrop is uncertain, and therefore, we continue to monitor as you do on a daily and weekly basis, the war in Europe, the inflation or the risk of stagflation, the broader economic sentiment of course, and how this may impact not just us but our clients and therefore indirectly us.

But at this moment in time, despite an uncertain economic backdrop, I'm certainly optimistic about the IT services demand picture for the foreseeable future and our role within that.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Great. Yeah, no, that's encouraging, and fair. So thanks for that, Brian. I guess my quick follow-up just on the inorganic change in the outlook, is that a function of maybe some deals falling out of the pipeline, or just a timing issue with what you've seen year-to-date? Just anything else to add there would be great. Thank you.

Brian J. Humphries
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.
I would say Jan and I are quite judicious when it comes to M&A, quite disciplined, very intentional, and we tend to step out of certain deals if they don't make economic sense. We're here to represent shareholders. Of course, we're custodians of the company, and in some cases, it's been us stepping out, in some cases there are deals that we weren't able to get done or we weren't able to get the counterparty to engage.

There's no fundamental change to our philosophy with regards to M&A. We continue to view that as a core element of our capital allocation framework. Certainly, a core element of us executing against our strategy and where we do M&A, we'll be in tune with our digital aspirations, key vertical aspirations, geographic expansion, and of course our desire to be a little bit more advisory-led.

In certain deals you hit multiple birds with one stone. You can have an international deal that is aligned to a digital priority, that is aligned to a key industry. And so it's more of the same going forward. It can be choppy. Sometimes you get more – a higher return average, but we feel pretty good about our strategy and how M&A will play a role within that.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Thank you.

Operator: Our next question comes from the line of Bryan Bergin with Cowen. You may proceed with your question.

Bryan C. Bergin
Analyst, Cowen & Co. LLC

Hi, guys. Good afternoon. Thank you. So I just wanted to follow-up here on the outlook. First, just to unpack the revised revenue outlook, so you took down the inorganic by 100 bps and the FX headwind was obviously a little bit more than 2x what it was before, so collectively about I think $385 million of headwind versus the prior view. So I just wanted to clarify that that was really the big piece there with obviously a little bit better organic.

And then just on the M&A, just going forward, is it more fair to assume let's say a range, 100 to 200 bps a year versus a specific target, just given potential lumpiness?

Jan Siegmund
Chief Financial Officer, Cognizant Technology Solutions Corp.

Yeah, it's a good comment. I'll start to tackle the M&A stuff first. I think we should expect a little bit of bumpiness in the M&A just by the nature of it, and so it's fair to say, we haven't really changed our capital allocation framework so I think the general guideline that is on Brian's and I mind is still a 2%. I think in this case we had a couple of deals that fell out of the pipeline for reasons that Brian described. And as we outlook, we see a little bit more activity in the third and fourth quarter happening, so we just felt that was prudent to let you know about that, it has not changed. It's just like these are discrete items and one or two deals can make a little bit of a difference. But no change for the medium-term outlook. I think we're sticking with our 2% revenue growth and 50% of our free cash flow allocation to M&A.

On the guidance, I think you got it right. We basically took the inorganic down by 100 bps and we increased the organic constant currency at the same rate, so we're sticking with our same organic – constant currency revenue, not organic, but all-in constant currency revenue, we're sticking at the same midpoint.
Bryan C. Bergin  
*Analyst, Cowen & Co. LLC*

Okay. Okay. And then just on margin, has the margin progression gone as planned as it relates to maybe the timing of investments that you had budgeted for in 2022? Curious if just the wage inflation has shifted anything around for you. And maybe help us with the cadence of how we go forward from here on operating margin.

Jan Siegmund  
*Chief Financial Officer, Cognizant Technology Solutions Corp.*

No, I appreciate that. You’re familiar that our margin profile throughout the year has a typical curve with the second and third quarter being stronger and we anticipate this year to have a typical curvature, so to speak, on margin. Clearly, you've seen an increased pressure on compensation costs, and so we have built into our forecast, of course, offsetting measures relative to improvement in our cost, delivery, efficiencies, investment into automation, we have of course pricing is rolling out throughout the four quarters and we'll gain momentum throughout the year. So all these things have to be coming together in order for us to achieve the 20 to 30 basis points of margin expansion, which is our best outlook right now that we have.

Bryan C. Bergin  
*Analyst, Cowen & Co. LLC*

Okay. Thank you.

**Operator:** Our next question comes from the line of Moshe Katri with Wedbush. You may proceed with your question.

Moshe Katri  
*Analyst, Wedbush Securities, Inc.*

Hey, thanks for taking my questions. I have two. Can we get some more color on subcontractor use? I think you indicated that was one of the factors impacting margin for the quarter, maybe kind of look at that versus percentage of revenues where it hasn't been trending. And then on top of that, maybe some color on the weakness you mentioned in your banking portfolio. Is that the same kind of issue that we've had during the past few years? Is that anything different? Thanks.

Jan Siegmund  
*Chief Financial Officer, Cognizant Technology Solutions Corp.*

You broke up in the second question. The weakness in?

Moshe Katri  
*Analyst, Wedbush Securities, Inc.*

In your banking portfolio and you indicated – and the question is whether this was the same weakness that we've been talking about for couple of years now in BFSI.

Jan Siegmund  
*Chief Financial Officer, Cognizant Technology Solutions Corp.*

Oh, BFS. Okay. Perfect. Yeah, so we don't really break out our subcontractor costs explicitly for you, but the biggest impact on our operating margin by far is really merit and off-cycle and then pair that with the subcontractor...
Brian J. Humphries, Chief Executive Officer & Director, Cognizant Technology Solutions Corp., highlighted the opportunity that seems to have come out of the tight labor market in the back of the pandemic.

BFS continues to be on a good path. We see steady expansion. And I mentioned in my call that Samlink went out of the revenue that put a little bit of pressure in the European banking and financial services revenue growth, but overall, we see a steady improvement that shows that we are on the right path here.

There's actually increased digital bookings. There are core projects, as Brian mentioned in his call that are driving up. So as we -- I think Brian used in his call the continued and steady improvement for BFS is kind of where we are. We're not at the end of our work here, but we're feeling we're on solid ground.

Moshe Katri, Analyst, Wedbush Securities, Inc., asked,

Understood. Thanks.

Operator: Our next question comes from the line of Lisa Ellis with MoffettNathanson. You may proceed with your question.

Lisa Ellis, Analyst, MoffettNathanson LLC, asked,

Oh, sure. Thank you. Good afternoon, guys. I'll start with the inflation question, and specifically I know you called out you're taking some pricing actions. Can you just elaborate a bit on what components of revenue will be affected. Is this mostly in your time and materials business that you'll be able to effect through pricing? And then also, a bit of a more strategic question on inflation, how is it affecting your clients' agendas or mix of work at this point? Thanks.

Jan Sieg mund, Chief Financial Officer, Cognizant Technology Solutions Corp., answered,

Yeah, we have clearly the -- pricing is always part of our business model and many of our clients obviously have regular price increases built into their contracts. But I think the extraordinary situation of wage inflation and cost pressure that also our clients experience has, I think, opened more opportunities for us to drive pricing initiatives across the entire company. And I think we're deploying really a variety of approaches, each line a little bit individualized to it, but ones we're finding basically for many client receptivity. So it will be still hard. We are in the business of generating benefit and value for our clients, but the discussions from what I can see have been starting and have been constructive with our clients. So I'm expecting pricing to build momentum and help us to contribute to the margin expansion throughout the next three quarters.

Lisa Ellis, Analyst, MoffettNathanson LLC, asked,

Okay. And then maybe as my follow-up question just on the BPO call-out. Brian in your prepared remarks you highlighted again now this has been a couple of quarters in a row the strength in BPO. Can you just elaborate what service lines specifically like which verticals is that showing up in, and is there, in what way these are leaning into that opportunity which seems to have come out of the tight labor market in the back of the pandemic.

Brian J. Humphries, Chief Executive Officer & Director, Cognizant Technology Solutions Corp., answered,
Yeah, hi, Lisa. Look, the team has done an extraordinary job. I would say not just in this quarter or recent quarters but in the last few years, we exited, as you know, content moderation. That had been a large driver of growth in that business and we executed it seamlessly. We repivoted the company more towards certain categories, notably around intelligent process automation, ultimately contextualized to industry-specific use cases as well as the very strong focus on the digital-native clients. But not just has that been a success story in its own right, we’re also, Lisa, in every one of our four externally reportable segments growing our BPO business in strong double-digits.

So it’s broad-based not just along the lines of digital natives. Margins have been improving, and we’re obviously now using this to try to get pull-through to the let’s say tech services portion of the company.

If you think about our BPO business, fundamentally, it’s historically been about 80% aligned to verticalized plays, and we continue to strengthen our hand in that regard. But we’re also looking in other growth pastures including F&A and CRM and doing that in conjunction with partners and starting to see a pipeline behind that as well.

So we have I would say very strong client references, a lot of swagger in that group that are consistently beating their forecasts and budgets, and that swagger correlates to broad-based momentum across geographies and indeed across all four verticals.

Lisa Ellis  
*Analyst, MoffettNathanson LLC*

Thank you.

Operator: Our next question comes from the line of Ashwin Shirvaikar with Citibank. You may proceed with your question.

Ashwin Vassant Shirvaikar  
*Analyst, Citigroup Global Markets, Inc.*

Thank you. Hey, guys. I guess I wanted to ask with regards to any indirect or flow-through impacts you may have seen from the war in Ukraine, either clients coming to you to potentially move work away from East European clients or East European locations with other vendors, or increased subcontractor work that might come your way or even on the supply side any increased pricing – wage pressure.

Brian J. Humphries  
*Chief Executive Officer & Director, Cognizant Technology Solutions Corp.*

Yeah, hi, Ashwin. Look, generally, we don't really have any exposures to Ukraine or Russia and have no significant operations there whatsoever. And I would say at this moment in time we've seen no material impact of a conflict on client demand either. Of course, we'll continue to monitor that situation. One, we have had clients come our way. I mean, they're clearly aware of our digital engineering strength and our ambition to scale further there.

I actually think if I stand back from here and now, I believe that the implications will be lasting and that our scale in India, which we're actually tying into our digital studios around the rest of the world, which are very much part of our digital and global delivery network, they'll ultimately help us distinguish our self and ultimately as clients are assessing their vendors and strategic partners, and in particular, as digital becomes mainstream, I suspect that scale players like Cognizant will stand to win in the long-term, and India will continue to be an asset for us.
And if you just think about the last few years in the COVID period, there’s been a number of points mix shift to offshore, notwithstanding the industry scaling towards digital. And I think that will stand Cognizant in good stead given the tremendous strength and talent we have across India.

**Ashwin Vassant Shirvaikar**  
*Analyst, Citigroup Global Markets, Inc.*

Understood. And with regards to just talking about wage inflation and pricing trends, I know there are many nuances as it relates to the ability to proactively pass price increases to clients when you can do that, the number of times a year or maybe the [indiscernible] (00:39:25) definitions, things like that. Could you sort of walk through what you’re seeing in those areas?

**Brian J. Humphries**  
*Chief Executive Officer & Director, Cognizant Technology Solutions Corp.*

Yeah. I'll start, and Jan by all means jump in if needed. Ashwin, I think first of all, pricing is extremely topical at this moment in time given the services companies are knowledge-based organizations and therefore, our supply chain for want of a better word is our talent. And as costs of our people go up by definition we have an obligation to in one form or another either automate, change the pyramid, shape, change the offshoring mix or near shoring mix, and/or find a way to pass on cost to clients, notwithstanding automation agendas or whatnot.

So I think at this stage, pricing is mainstream in terms of dialogue amongst not just Cognizant but also our peers in the industry to try to offset the compensation pressure. So the classic situation that we have grown up with historically, around MSAs being signed, with rate cards associated with those and rate cards coming up for renewal every one or two years, that is not necessarily as relevant anymore because people have to intersect those natural cycles.

Now on top of that, I'd just point out that while as Jan said we have a pricing initiative underway, clearly the business model evolution of Cognizant which has been quite intentional in recent years including a much greater shift towards digital and a commitment to try to evolve from being a provider of resources to be a solution provider that enables clients to address their pain points by selling solutioning and delivering client outcomes. That puts us in a position where we are competing with sometimes very different competitors and we may have some margin opportunity via pricing leverage as well. So both of those factors I think are pertinent at this moment in time.

**Ashwin Vassant Shirvaikar**  
*Analyst, Citigroup Global Markets, Inc.*

Understood. Thank you very much.

**Operator:** Our next question comes from the line of Rod Bourgeois with DeepDive Equity Research. You may proceed with your question.

**Rod Bourgeois**  
*Analyst, DeepDive Equity Research, LLC*

Yeah. guys. hey. I just want to ask about acquisitions that you've completed in the past couple years and how you're performing against the revenue and synergy targets on those acquisitions.

And I would also ask if you could include any kind of update on TriZetto? I know that you made some good turnaround progress in that business' growth last year, and it would be helpful to hear your latest thoughts also on TriZetto's growth trajectory.
Jan Siegmund  
Chief Financial Officer, Cognizant Technology Solutions Corp.  

Hey, Rod. I'll take your second question first. TriZetto had actually, interesting that you're asking, the best product sales quarter ever in the history, this quarter. So the product modernization that we had undergone with TriZetto continues to show benefit and so they are doing really well in the pull-through implementation services and other services to it. Sorry, I'm coughing here little bit.

Relative to the M&A performance, our M&A portfolio is performing well against our budget. And we are generating actually revenue synergies as we have planned for, apologies, and I think we have probably a little bit more work to do to counter the margin dilution that M&A does, but I'll give you one example.

Our Softvision acquisition that we did now a number of years ago is now the core basis of our digital engineering business and we're really integrating our entire engineering practice, digital engineering practice based on the Softvision model. So I would describe our M&A program as largely successful as a portfolio.

Now you always have a portfolio of companies, some that are not doing quite as well, but as a portfolio, we're very satisfied with the progress we're making on M&A.

Rod Bourgeois  
Analyst, DeepDive Equity Research, LLC  

Great. Hey, you could have just said TriZetto's performance is so good it can make you cough, but that's my bad analyst humor.

Jan Siegmund  
Chief Financial Officer, Cognizant Technology Solutions Corp.  

No, no, I'm sorry, I'm a little bit under the weather with a little bit of a cough. So sorry about that, Rod.

Rod Bourgeois  
Analyst, DeepDive Equity Research, LLC  

Yes. Understood. Hey, just on the attrition front, is the attrition challenge starting to abate, and what levers are being pulled that give you some encouragement about where that might be going from here. Where are you getting some benefit on the efforts that you're making to attract and retain talent?

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.  

Hey, Rod, it's Brian. So first of all, we're delighted we've reduced voluntary attrition for two quarters in a row. This quarter attrition fell 5 points sequentially on a voluntary basis, and we are extremely comprehensive in our disclosure of attrition, perhaps the purest in the industry. That being said, I actually anticipate attrition will pick up in the second quarter, in fact, I know attrition will pick up because we look at resignations on a daily basis and we anticipate it will be elevated for the course of the year.

We have done a tremendous amount in the last year. We called this early. We substantially overspent our allocated budget last year for compensation and promotions because we wanted to invest in our talent to try to mitigate attrition and make sure we capture the market opportunity. But this is above and beyond simply financial measures. It's total rewards, vacation policy, 401(k) policy, stock purchase price policy, et cetera, within total rewards. And on top of that, then there's a significant amount that we've been doing around investing in our employees. And whether that is skilling or indeed enabling career path advancements, Cognizant, as you know
very well, has always been a company that invested heavily in our people, attract the smart people, put them on to accounts and really enable ourselves to ingratiate ourself with accounts.

Well, we've furthered that in the last year by doing what I would view as clever things with regards to our promotion process, really trying to make this a little bit more self-service and constant through the course of the year by tying it much greater to skilling as opposed to longevity of tenure and making sure that we try to correlate that with bill rate increases as well.

And then there's a broader notion of both getting back on the front foot, growing double-digits, which creates career path opportunities for people and upward mobility and just a celebratory sense of winning bigger deals, winning in digital and delivering with success.

Now, all of that comes against the backdrop of us also in the course of the last few years taking some pain by really balancing our visa dependency in North America, given the regulatory backdrop as well. But the heavy lifting of that is now essentially behind us. So we've been working very hard to mitigate attrition, but the reality is, the market is red-hot behind certain skills, and try as we might, and we track the data when we promote people or when we give them salary increases, we know how long it mitigates attrition before it picks up again.

So I just think this industry is perhaps at a different curve than it was in the last 15 to 20 years. Perhaps the return to office or much more of a hybrid work will help mitigate what we've seen in the last year, but I'm still somewhat pessimistic about the industry attrition trends.

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Rod Bourgeois
Analyst, DeepDive Equity Research, LLC

Got it. Thank you.

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Operator: Our next question comes from the line of Brian Essex with Goldman Sachs. You may proceed with your question.

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Brian Essex
Analyst, Goldman Sachs & Co. LLC

Hi. Good afternoon. Thank you for taking the question. Brian, I was wondering if you could address head count growth. Number of quarters here of nice strong double-digit head count growth in spite of attrition, although attrition has been improving. Can you maybe unpack that growth little bit and give us a little bit insight around have you been able to improve lateral hiring? Are you making some digital adds to this primarily freshers that you're bringing onboard, and how that might translate into revenue-related – I guess head count-related revenue growth going forward.

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Brian J. Humphries
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Yeah, well, the Holy Grail, of course, in a services company is somehow to decouple head count growth and revenue growth, but there are multiple factors at play including accelerators and the mix of the head count onshore versus offshore and indeed within the pyramid.

Clearly, if I start with the pyramid, at the bottom of the pyramid, I felt three years ago we were light. We hadn't been as aggressive on campus hiring, et cetera, and in the last few years, we have really I would say materially
changed our hiring practices, 17,000 a few years ago, 33,000 freshers onboarded and infused in the last year and then we’re aiming for 45,000, 50,000 this coming year, and I’m assuming that will continue to grow.

So that's by definition add head count at lower levels from a billing perspective, and clearly as you go through right size that, then you bring people onboard, you get them trained for a few months, you infuse them into accounts and ultimately get them into more billable-type roles. So that's been one factor where you've seen us materially add head count and I think it's fundamentally so core to our success in the years ahead, because with those people being skilled, and with this internal job moves program that creates upward mobility in our organization, we're therefore able to promote from within more often particularly when we have fixed bid or managed services-type deals versus a more traditional, if you will, staff augmentation or interview-based role.

The second factor I'd say is our mix has shifted like many in the industry, about 2 points towards offshore in the last year, and that has different dynamics in terms of average bill rate per employee or margin dollars per employee but also margin rate per employee can be higher in offshore.

But the attrition that we're experiencing I think as an industry and within Cognizant is broad-based. It's not just in India. It's not just in junior levels of the organization. It's also across Western Europe and North America. So we are continuing to complement the programs we’ve put in place with incremental campus programs in North America, near shore programs in Mexico and Canada which are ramping nicely for us, and of course, the need for subcontractors and laterals. Subcontractors actually fell sequentially in mid-single digits and that's something we'd obviously like to continue to optimize in the years ahead by getting more campus programs, more upward mobility, and better demand visibility such that we can avoid as much subcontractors.

And then last, but not least, one of our core competencies I would argue has been our talent acquisition group who have done remarkable work in the last year or so. Certainly the off to join a ratio has eroded in the industry and Cognizant is no different, but nonetheless we have an incredible capability to bring in tens of thousands of employees per quarter, and I'm firmly of the opinion we're not yet hitting our stride in terms of our revenue potential, so we want to continue to scale our operations to get after the market possibilities that are out there.

Brian Essex  
Analyst, Goldman Sachs & Co. LLC

Got it. Very helpful. I appreciate that. And maybe just a quick follow-up for Jan. On FX, any way to quantify the contribution from rupee depreciation versus the dollar and how you might be thinking about that going forward, given the margin guidance you've given?

Jan Siegmund  
Chief Financial Officer, Cognizant Technology Solutions Corp.

Yeah, I actually, the rupee movement going forward, which is largely affecting basically of course our cost base is, as you know, moderated by our hedging program, so we really don't make an assumption around this.

In the quarter, I think, I mentioned in the script that the rupee did contribute about 50 basis points in a set of ups and downs to our margin, but that may help you a little bit to extrapolate for what it is. So this is largely driven by our revenue forecast that's going to be the euro and pound are going to be the most impactful one in that.

Brian Essex  
Analyst, Goldman Sachs & Co. LLC

Got it. That's helpful. Thank you very much.
Operator: Our next question comes from the line of Keith Bachman with BMO. You may proceed with your question.

Keith Bachman  
Analyst, BMO Capital Markets Corp.

Hi. Thank you very much. I'll ask my two questions concurrently since they're related. Brian, first for you, since you last gave guidance, based on our discussions with folks in India, in particular, it seems like wage rates have actually moved against you. In other words, wage rates have gotten more expensive, even over the last 90 days. And assuming that supposition is true, what is going right that allows you to maintain the margin guidance, even with perhaps wage rates getting more onerous?

Now, perhaps you assumed in the previous guidance that wage rates were going to continue to move against you, but is it as simple as pricing, because when we do our calcs on the rupee exchange rate, it's not enough to offset the change in wage rates, even over the last 90 days. So, A, what is going right that helped you maintain the guidance? And are you comfortable that in fact with the current wage rate structure you're leaving enough room, as you said, to strengthen your hand or invest appropriately for the longer-term?

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Well, we have continued to invest in the company, as you know, over the last few years. Our SG&A has outgrown revenue and margin dollars substantially on a year-over-year basis for a whole host of initiatives from IT security to marketing to reinvigorating the commercial momentum story that is now fueling the growth that we're seeing.

Keith, by definition, it's not an easy environment. By definition, when we look at forward guidance, we anticipate not just here now but potentially the trends that with every passing month and quarter, we have more lateral hires that we're bringing in from the outside which are coming in at [ph] raise (00:53:31).

But I still feel in the same vein that the negatives of labor cost increases, the attrition impact and utilization, the increased costs associated with travel and entertainment and return-to-office, we still have possibilities to offset that with moderated SG&A growth, with revenue growth leverage, pyramid optimization, shoring optimization, automation, real estate, and of course pricing, and arguably pricing is the big one.

We are seeing some nice green shoots there. It's a programmatic approach that Jan and I are heavily vested in with our pricing team globally and with the markets to make sure that we have the courage to talk to clients around the importance of investing in our people, which will help mitigate attrition on their account and these are the set of actions we are taking.

So pricing is ultimately the factor that gives us an ability to maintain margin growth of 20 to 30 basis points for the year.

Keith Bachman  
Analyst, BMO Capital Markets Corp.

Right. In other words, those pricing discussions even since the beginning of the year, those are perhaps a bit more favorable where clients are willing to listen, or it's a more equitable discussion at least, it sounds like.
Yeah, look, let's face it, I mean, in every C-suite conversation that I have as I go around the world, we all end up talking about multiple things around return to office, hybrid work culture, and also about labor and supply chain disruption. And many clients over the years, as you know, have brought certain skills in-house and they're all dealing with the same trends we are dealing with ourselves in terms of elevated attrition and labor cost increases. So it is quite topical. It's quite known throughout our client base and we're not the only company in the world approaching clients outside of standard renewal dates to intersect the classic rate card work.

It's heavy lifting. It's not easy. I want to call out my team globally. We've worked very hard in the last nine months to mitigate this to navigate our way through certain icebergs and we know we've got some heavy lifting ahead of us as well. But the team are committed to do so and we'll keep obviously everybody current on a quarter-by-quarter basis and see how much progress we can make in this regards.

Keith Bachman
Analyst, BMO Capital Markets Corp.

Okay. Fair enough. And then, Brian, just to clarify, you did say that you've had a really nice move in the quarter, the attrition over two quarters. You said it would go back up in June due to some seasonal factors, but do you think it flattens out there, even declines as you look at the back half of the calendar year, or do you think it kind of stays at these elevated levels? Can you make progress in attrition if you look over the horizon from the June quarter?

Brian J. Humphries
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

We just don't know. It's very hard to call, Keith. The reality is that attrition slows based on a series of financial measures we've made, series of promotion measures we've made, but obviously there is an element of seasonality at play here as bonuses are paid, which triggered an increase in attrition in the last few months, and so therefore, I know that attrition will go up in Q2, and that's factored into our guidance.

Once we get past Q2, we're just going to have to keep a close eye on it and see how we're able to continue to engage employees. I actually believe that the environment that we're in these days, which I think we've hit a watershed moment of people no longer necessarily wanting to work in an office environment like in the past, can be detrimental to employee engagement and cultural affinity and indeed can enable people to work more remotely. And then in countries like India, the notion of moving from a large urban center to a rural environment, trying to encourage people back to an urban environment can have meaningful consequences for their disposable income at the end of the month. So there's not just a philosophical debate in terms of whether you can still get your work done remotely leveraging technology but it's very much a financial debate as well, notwithstanding the broader inflationary pressure in the urban centers or indeed in rural.

So I'm somewhat of the opinion that we're at a new norm. The labor market has reset, and with that, new approach to work, industry attrition may pick up on a more sustainable basis, particularly in today's demand environment where I still feel that digital transformation is clearly throughout multiple industries and there's lot more legs on this in years ahead.

Keith Bachman
Analyst, BMO Capital Markets Corp.

Okay. Many thanks, team.
Operator: Our next question comes from the line of James Faucette with Morgan Stanley. You may proceed with your question.

James E. Faucette
Analyst, Morgan Stanley & Co. LLC

Great. Thank you very much. Just on kind of a follow-up question on pricing. Can you talk a little bit about — well, historically you’ve talked about there being a gap between your current pricing and the pricing you command in some of your acquisitions. Where are we in terms of closing the gap, and how much incremental benefit do you think can come from that this year?

Jan Siegmund
Chief Financial Officer, Cognizant Technology Solutions Corp.

I think I don’t want to go into all the details of the pricing opportunity, but you’re pointing out, I think, a key element of that is playing a little bit in our favor. The shift towards digital is on its own helping because we have a higher gross margin in our digital business. We’re focusing obviously also on the pricing of these high in-demand resources, and so that gives little bit more pricing opportunity. Also, these projects tend to be a little bit shorter-term compared to the long-term contractual things.

So in that area, we’re going to expect to make some progress and I think our clients have also shown more receptivity in the area of the set of digital skills to discuss pricing with us. So I think that’s helping so you have a double effect of driving higher share using our acquisitions and pricing levels that have been established by our acquisitions as a guide to establish better pricing levels for the entire enterprise. So I think you intuitively pointing out one area that gives us, is definitely part of our overall thinking relative to revenue generation.

There’s also an element, if I come back to — the question is really the overall margin discussion and pricing has been a focus on this call, but we do have, with our shift towards hiring of Gen Z’ers dramatically shifted our cost pyramid development and the internal promotions not only helped of course generating better career pathing for our associates but also help us to mitigate the cost of lateral hires. And we hope that as we execute on our strategy of increased Gen Z hiring that and we plan on cost efficiencies and in our delivery model, helping in a similar way as to offset compensation pressure that we’re seeing just on wages, basically.

James E. Faucette
Analyst, Morgan Stanley & Co. LLC

Got it. Got it. And then how would you talk about and maybe this is for you, Brian, how do you feel about the current state of your delivery organization and even outside of attrition, obviously attrition and hiring is always going to be a challenge for delivery, but how are you feeling about that structurally and skill-wise, et cetera, and any unique challenges outside of hiring and attrition that you will want to make sure you try to address as we go through the rest of this year?

Brian J. Humphries
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

I’m very proud of our delivery organization. At the end of the day, Cognizant is a delivery company, whatever we sell, it’s little more than a commitment to actually go and deliver against that. And come what May in the last few years, humanitarian crisis, cyberattack and of course in today’s elevated industry attrition, our delivery team have gone the extra mile time and time again to satisfy client demand and juggle various balls. So I’d like to complement them.
We, of course, are complementing India as well by bolstering that with a global delivery network in Europe, in North America, onshore as well as near shore locations, so they've done a really nice job for us.

As we evolve the way we show up to clients and lead with advisory capabilities to sell solutions and deliver outcomes by industry, addressing client pain points, of course, there is an evolution that's happening in our delivery organization. And that includes how we solution and project and program management and, of course, the degree of efficiencies and accelerators we're able to use within our portfolio. And that's something we're making good progress on, and at some stage in the future, we'll talk more about that externally. But our delivery organization is the heart of Cognizant.

I frankly was in India probably four or five weeks ago. I'll be back there in the coming month or two as well. A lot of my team have been there more recently weeks. I actually characterize the morale and the vibe amongst the delivery organization to be perhaps the highest it's been in the last three years. I really feel very good about where we are, notwithstanding the pressure everybody's been under given these self-imposed or exogenous events.

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**James E. Faucette**  
*Analyst, Morgan Stanley & Co. LLC*

Great. Thank you, guys.

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**Operator:** We have time for one more question. Our last question comes from the line of Bryan Keane with Deutsche Bank. You may proceed with your question.

**Bryan C. Keane**  
*Analyst, Deutsche Bank Securities, Inc.*

Hey, guys. Thanks for fitting me in. I'll keep it short here. I guess I know focus of the company has been to do larger deals, just get an update on how that pipeline looks, and if you're being able to close some of the larger deals.

And then kind of the secondly, is there a bookings target for the year that we should think about? I know we started at 4%. You're talking about an acceleration. I know we've done mid-teens in the last couple of years. Just trying to get our models set up correctly. Thanks.

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**Brian J. Humphries**  
*Chief Executive Officer & Director, Cognizant Technology Solutions Corp.*

Yeah, look, I think fundamentally given the revenue guidance Jan and I gave in November last year and the multiyear outlook as well as the current guidance for 2022, we got to maintain a book-to-bill ratio at 1.1 or above. That's certainly directionally what's going to be needed for us to achieve those goals.

I always think it's very important to underscore the importance of thinking about bookings across a trailing 12-month basis. And to your point, Bryan, we've had some very strong years now the last two, and from my perspective, we are in a much better position than we've been in any stage since I came here a few years ago, and I feel good about our win rate and I feel good about our pipeline within that.

So that's kind of my perspective in terms of bookings and readiness to get after the market opportunity in the years ahead. The demand picture is less concerned than the attrition and labor cost concerns.
And what about larger deals, Brian?

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Larger deals, trailing 12-month basis, we've got $23.4 billion of bookings without substantial large deals within that, and I view that as a positive, because our digital momentum has really picked up. But certainly, with I would say strong delivery capabilities, strengthening project and program management, strengthening solutioning discipline within Cognizant, we are continuing to review the opportunity to get into some larger deals, and hopefully we'll have some good news for you on that in the next few quarters.

Some of those will be aligned to really strategic industries for us like FSI where we've done some good work in recent years. We've cleaned up our portfolio, we cleaned or refreshed our client-facing teams both in delivery as well as in commercial and we've got a very strong industry solutions group that needs to continue to get stronger. And we've been spending a lot of time with clients that we haven't sold to in recent years, and I think we have the opportunity to get into some of those larger accounts as well.

So hopefully you'll see something in the coming quarters in that regard, but our momentum has ultimately been carried by digital momentum. The reinvigoration of our commercial sales team and client centricity at our core, clearly a broader portfolio that's more compelling than ever before, which has been intentionally built to expose us to higher growth categories.

Our international expansion I'll call out the UK, our second largest country after the US, growing consistently now at 20%-plus is a really strong success story, and then, of course, we get post-merger integration opportunity to scale into our accounts. If you can complement all of that with a few larger deals per year that will be done opportunistically. Judiciously, there's a lot of potential left in this company, and I really feel good about that.

Brian J. Humphries  
Chief Executive Officer & Director, Cognizant Technology Solutions Corp.

Okay. With that, thank you very much for joining us today, and we look forward to speaking with you soon.

Operator: This concludes today's Cognizant Technology Solutions Q1 2022 Earnings Conference Call. You may now disconnect your lines at this time. Thank you for your participation, and enjoy the rest of your day.
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