

# The Economic times CFO, India: Cognizant's Chief Financial Officer Discusses Her Views of the Business Environment and Cognizant's Plans



"In our industry, it is easy to say we are surrounded by wonderful people who have tremendous knowledge and can help us stay current from that perspective," says **Karen McLoughlin**. "But I think it is also important as a CFO to understand what clients are up to, to hear what they are doing and see how we can help them." Excerpts:

**Q: How has your journey as CFO been at Cognizant? You took over as CFO in 2012. It's been five years now. What do you think are the hits and the misses?**

"I think these are very interesting times not just for Cognizant but for the entire industry. Clients' shift to digital now requires us to be very nimble - to be able to adapt the services that we are offering to our clients, to make sure that our teams, all of our talent is ready to service the changing needs of our clients, and to help our clients become large scale digital enterprises.

**Q: Going forward, what will be your top priorities in the next 18-24 months timeframe? What's the framework to achieve them?**

Over the next 18 months, Cognizant as a company and myself as a CFO and my CEO have made a certain commitment to our shareholders, to our employees. Eighteen months ago, back in February 2017 we outlined a new philosophy for the company around balancing revenue and margin growth. In 2017, we modified (this) little bit and said we were going to start a balance of revenue and margin growth and that by 2019, we will drive 22% non-GAAP operating margins.

That requires some cultural shift in the company and that has been a very big focus, not only for myself but for the rest of the executive team. And (it) will continue to be so for next 18 months or so. This is a very dynamic time for our industry. We all will be striving for higher margins, and we must continue to invest for growth.



**Q: What is your outlook on economy in general in the next 2 years? What are the major headwinds in your view?**

Right now, we are in a phase where the economy in the US and in many parts of the world, is relatively robust. I think we are continuing to undergo significant change and significant needs to drive digital transformation.

At the same time, we are trying to balance the legacy environment, how to manage operating costs in the existing environment and stay invested in digital. I think that stance will continue. (It is) something we have seen for the last few years, and I would expect to see it over the next few years.

I think, it will be interesting to see what happens particularly in Europe with Brexit; with how that continues to evolve over the next couple of years."

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