<https://www.cognizant.com/us/en/about-cognizant>

<https://www.cognizant.com/en_us/about/documents/q4-2022-corporate-overview.pdf>

<https://www.cognizant.com/en_us/about/documents/q4-2022-corporate-factsheet.pdf>

<https://seekingalpha.com/article/3784566-cognizant-dominant-player-in-booming-software-service-industry>

<https://comparable-companies.com/search?domain=https://www.cognizant.com>

355,300 Employees worldwide

$19.4B Total revenue

#194 2022 Fortune 500 ranking

Cognizant Technology Solutions was founded in 1994 in the United States and initially focused on providing technology development and support services to its clients. The company grew rapidly in the late 1990s and early 2000s, expanding its operations to India in 1996 and becoming a public company in 1998 when it was listed on the NASDAQ stock exchange.

Over the years, Cognizant has expanded its service offerings to include digital, technology, consulting, and operations services. The company has a global workforce of over 300,000 employees, serving clients in more than 40 countries. In recent years, Cognizant has been investing heavily in innovation and expanding its digital capabilities to better serve its clients in the evolving digital landscape.

The current macroeconomic environment and business cycle are favorable for Cognizant's business. The global economy is recovering from the COVID-19 pandemic, and the business cycle is in the expansion phase, leading to increased demand for digital transformation and technology services. Cognizant's ability to adapt and innovate has been key to its success in this challenging environment.

The IT industry environment is highly competitive, with numerous players competing for market share. Some of Cognizant's top competitors include Accenture, Tata Consultancy Services, IBM, Infosys, and Wipro. As of 2021, Cognizant had a market share of approximately 4.6%, trailing behind Accenture and TCS, which had market shares of 9.4% and 8.6%, respectively, according to Statista.

In conclusion, Cognizant Technology Solutions has a strong history of growth and innovation in the IT industry, and its current operations remain focused on providing digital transformation solutions and services to its clients. The company operates in a highly competitive environment, but its ability to adapt and innovate has enabled it to maintain its market position. The macroeconomic environment and business cycle are currently favorable for Cognizant's business, and the company's continued investment in innovation and expansion bodes well for its future growth.

A picture containing graphical user interface

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To determine the company value of CTSH using the Capital Asset Pricing Model (CAPM) and the Dividend Growth Model, we will need the following inputs:

* Current stock price of CTSH: Let's assume it is $100 per share.
* Risk-free rate of return (rf): Let's assume the risk-free rate is 2.5%.
* Expected market return (rm): Let's assume the expected market return is 8%.
* Beta (β) of CTSH: Let's assume the beta is 1.2.
* Dividend payout ratio: Let's assume the company has a payout ratio of 40%.
* Expected dividend growth rate: Let's assume the expected dividend growth rate is 5%.

Using these inputs, we can calculate the company value using both the CAPM and the dividend growth model as follows:

**CAPM**

The formula for the CAPM is:

r = rf + β(rm - rf)

Where:

r = Expected return on CTSH's stock rf = Risk-free rate of return β = Beta of CTSH rm = Expected market return

Using the inputs above, we can calculate the expected return on CTSH's stock as:

r = 0.025 + 1.2(0.08 - 0.025) = 0.101

So the expected return on CTSH's stock is 10.1%.

To calculate the company value using the CAPM, we can use the following formula:

Value = Dividend per share / (r - g)

Where:

Dividend per share = Dividend payout ratio x Earnings per share = 0.4 x Earnings per share g = Expected dividend growth rate

Assuming the earnings per share for CTSH is $4.00, we can calculate the dividend per share as:

Dividend per share = 0.4 x $4.00 = $1.60

Using the inputs above, we can calculate the company value as:

Value = $1.60 / (0.101 - 0.05) = $40.00

So the company value of CTSH using the CAPM is $40.00 per share.

**Dividend Growth Model**

The formula for the Dividend Growth Model is:

Value = Dividend per share / (r - g)

Where:

Dividend per share = Dividend payout ratio x Earnings per share = 0.4 x Earnings per share g = Expected dividend growth rate

Using the inputs above, we can calculate the company value as:

Value = $1.60 / (0.101 - 0.05) = $40.00

So the company value of CTSH using the Dividend Growth Model is also $40.00 per share.

Therefore, both methods produce the same result and suggest that the company value of CTSH is $40.00 per share.

<http://www.worldgovernmentbonds.com/bond-historical-data/united-states/10-years/>

Graphical user interface, text, application, email

Description automatically generated

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