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Conference Call Transcript

ACN - Accenture's Fourth-Quarter and Full-Year Fiscal 2007 Earnings Conference Call

Event Date/Time: Sep. 27. 2007 / 4:30PM ET

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. And welcome to Accenture's fourth quarter and full year fiscal 2007 earnings conference call. (OPERATOR INSTRUCTIONS). As a reminder, this conference is being recorded.

I will now turn the conference over to Richard Clark, Managing Director of Investor Relations. Please go ahead, sir.

Richard Clark - Accenture - Managing Director, Investor Relations

Thank you, operator, and thanks everyone for joining us today on our fourth-quarter and full-fiscal-year 2007 earnings announcement. As the operator just mentioned, I am Richard Clark, Managing Director of Investor Relations. With me this afternoon are Bill Green, our Chairman and Chief Executive Officer; Pam Craig, our Chief Financial Officer; and Steve Rohleder, our Chief Operating Officer.

We hope you had an opportunity to review the news release we issued a short time ago. Let me quickly outline the agenda for today's call. Bill will begin with an overview of our results. Pam will take you through the financial details, including the income statement and balance sheet. And Steve will add some operational perspective. Pam will then provide our business outlook for fiscal year 2008. And Bill will close the presentation before we take questions.

As a reminder, when we discuss revenues during today's call, we're talking about revenues before reimbursements, or net revenues. Some of the matters we will discuss on this call are forward-looking, and you should keep in mind that these forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, general economic conditions, and those factors set forth in today's press release and discussed under the Risk Factors section of our annual report on Form 10-K and other SEC filings. Accenture assumes no obligation to update the information presented on this conference call.

During our call today we will reference certain non-GAAP financial measures, which we believe provide useful information for investors. You can find reconciliations of those measures to GAAP on the Investor Relations section of our website at Accenture.com.

Now let me turn the call over to Bill.

Bill Green - Accenture - Chairman & CEO

Thanks everyone for joining us today. Clearly we have turned in another strong performance for our fourth quarter, closing out an excellent fiscal 2007 for Accenture. We continue to make progress in implementing our strategy. We're driving our business with confidence and conviction. And we're focused on achieving profitable growth in every aspect of our operations.

Here are some highlights from the quarter and the year. We delivered record quarterly revenues of \$5.11 billion, driven by double-digit growth in U.S. dollars across all of our operating groups and geographies. We achieved record annual revenues of \$19.7 billion. We achieved double-digit EPS growth for the full year, and exceeded our outlook. Another key metric, free cash flow, was also extremely strong, at \$638 million for the fourth quarter and \$2.27 billion for the full year.

Our new bookings for the year were a record \$22 billion. Consulting bookings continued to show momentum and our outsourcing bookings — in terms of size, duration and quality — have served us very well in terms of the durability and predictability of our portfolio.

We continue returning cash to shareholders through share buybacks and dividend payments, and just declared a dividend of \$0.42 per share today.

We ended the year with close to 170,000 people. We are fortunate to continue to attract and retain the very best people in this business. Their individual and collective efforts on behalf of our clients and the firm are extraordinary, and our results show it. Attrition was stable, and our utilization rate was up year-over-year.

We have powerful momentum going into 2008, confirmed by our regular thorough review of every element of our business just completed over the last few days. We're keeping a very close eye on the global economic trends, developments in the capital markets, and other issues that may affect our business. But we entered the year with a great deal of confidence in our ability to keep building on our leadership position in the industry.

We have built a diverse and durable business over the past few years. We have leading positions in the world's geographies across dozens of industry sectors and in each of our growth platforms. Our long-term relationships and our role as part of the fabric of our clients' businesses position us extremely well.

Now I will turn the call over to Pam, who will provide more detail on our financial performance.

Pam Craig - Accenture - CFO

Hello everyone. I am pleased to tell you more about Accenture's outstanding fourth-quarter and full-year financial results. We had a very strong quarter in terms of revenues, earnings and cash flow. This continued the trend of strong results across each of the quarters of our fiscal year. Our fundamentals are very sound, and we continue to see positive momentum and strong demand in our business.

Let me provide additional detail behind the numbers in our income statement, balance sheet and cash flow. Net revenues for the quarter were \$5.11 billion, a year-over-year increase of 29% in U.S. dollars and 23% in local currency, and our highest quarterly revenues ever. Net revenues exceeded our previous outlook of \$4.8 billion to \$5.0 billion.

Absent the \$339 million net revenue impact of the NHS agreement in Q4 last year, the comparison to the fourth quarter of 2006 would have been an increase of 19% in U.S. dollars and 14% in local currency, our strongest local-currency quarterly growth to date.

Consulting revenues were \$3.0 billion, an increase of 38% in U.S. dollars and 32% in local currency over the fourth quarter last year. The growth would still have been 20% in U.S. dollars and 15% in local currency over Q4 last year absent the impact of last year's NHS agreement.

Outsourcing revenues were \$2.1 billion, an increase of 17% in U.S. dollars and 12% in local currency over the same period last year.

Net revenues for the full fiscal year were \$19.70 billion, an increase of 18% in U.S. dollars and 13% in local currency. Even without the impact of the NHS agreement last year, net revenues in fiscal 2007 would have increased 16% in U.S. dollars and 11% in local currency.

Breaking down full-year revenues by type of work, consulting accounted for \$11.86 billion, an increase of 20% in U.S. dollars and 15% in local currency over fiscal 2006. Again, adjusting for the impact of last year's NHS agreement, the increase would have been 16% in U.S. dollars and 11% in local currency.

Outsourcing contributed \$7.84 billion, an increase of 16% in U.S. dollars and 12% in local currency over fiscal 2006.

In summary, these revenue results are strongly consistent with our medium-term objective of revenue growth in the range of 9 to 12% in local currency.

As we move further down the income statement, I'm going to continue to provide comparisons of our fiscal 2007 fourth-quarter and full-year results to the corresponding periods for fiscal 2006 on both a GAAP basis and on an adjusted basis.

Let me define the adjustments to our fiscal 2006 results up front. The intent is to remove the financial impact of several non-recurring items from last year in order to provide better comparisons of what is happening in our core business.

For the fourth quarter the fiscal year 2006 results on an adjusted basis exclude two things: the net impact of the NHS resolution in the fourth quarter, which reduced revenues, as I just discussed, and cost of services by \$339 million; and tax benefits of \$150 million.

For the full fiscal year 2006, the results on an adjusted basis exclude the two items I just mentioned, plus the net impact of the NHS contract loss provision of \$450 million in the second quarter, and the impact of \$72 million in reorganization benefits recognized throughout that fiscal year. Results on an adjusted basis were also included in today's news release.

For the fourth quarter, gross margin was 31.2%, compared with 34.1% in the fourth quarter last year on a GAAP basis and 31.4% on an adjusted basis. Gross margin for the full year was 30.7%, compared with 30.0% for fiscal year 2006 on a GAAP basis and 31.6% on an adjusted basis.

SG&A costs for the fourth quarter were \$945 million, or 18.5% of net revenues. This compares with \$844 million, or 21.3% of net revenues on a GAAP basis and 19.6% of net revenues on an adjusted basis, for the fourth quarter last year.

SG&A costs for the full year were \$3.52 billion, or 17.9% of net revenues. This compares with fiscal 2006 SG&A expense of \$3.20 billion, or 19.2% of net revenues, on a GAAP basis and \$3.23 billion, or 19.0% of net revenues, on an adjusted basis.

We are very pleased that we achieved a reduction of 110 basis points on an adjusted basis for both the quarter and the fiscal year, as we are now ahead of plan in our multi-year efforts to reduce SG&A costs as a percentage of net revenue.

GAAP operating income for the fourth quarter was \$642 million, reflecting operating margin of 12.6%. This compares with \$501 million or an operating margin of 12.6% on a GAAP basis and 11.6% on an adjusted basis for the fourth quarter of 2006. Our operating income for the quarter was in line with our expectations, allowing us to continue to accrue annual bonus and invest in our business.

GAAP operating income for the full fiscal year 2007 was \$2.49 billion, or 12.7% of net revenues. This compares with fiscal 2006 operating income of \$1.84 billion, or 11.1% on a GAAP basis, a 160-basis-point expansion, and 12.4% on an adjusted basis, a 30-basis-point expansion. As communicated previously, our objective was to expand our full-year operating margin by at least 20 basis points, which we have accomplished.

The effective tax rate for the fourth quarter was 37.0%. This rate is higher than the prior year-to-date tax rate due to a shift in income between countries. The year-to-date effective tax rate was 34.2%, consistent with our previously communicated range of 33 to 35%, and includes the \$21 million benefit from a discrete item recorded in the second quarter this year. Before this item the recurring effective tax rate for fiscal 2007 was 35.0%.

GAAP income before minority interest for the fourth quarter was \$431 million compared with \$502 million on a GAAP basis and \$352 million on an adjusted basis in the same period last year. For the fiscal year GAAP income before minority interest was \$1.72 billion compared with \$1.43 billion in fiscal 2006.

For the quarter, GAAP diluted EPS were \$0.50, compared with \$0.56 on a GAAP basis and \$0.39 on an adjusted basis in the fourth quarter last year. This represents a 28% year-over-year increase on an adjusted basis. GAAP diluted EPS for the full fiscal year were \$1.97, our highest annual EPS ever, and above our guided range of \$1.94 to \$1.96. EPS of \$1.97 compare with fiscal 2006 EPS of \$1.59 on a GAAP basis, and represented a 22% increase over the adjusted basis of \$1.61.

Now let's turn to our cash flow and some key parts of our balance sheet. Free cash flow for the quarter was \$638 million, resulting from operating cash flow of \$777 million, less property and equipment additions of \$139 million. For the full fiscal year, free cash flow was \$2.27 billion, resulting from operating cash flow of \$2.63 billion, less property and equipment additions of \$364 million.

Free cash flow significantly exceeded the upper end of our expected range. The increase in free cash flow was mainly due to further efficiency in billing and collections, as evidenced by our day services outstanding, or DSOs, which were 31 days. DSOs at the end of fiscal 2006 were 37 days, so we achieved a DSO improvement of six days compared to last fiscal year.

These DSOs for both fiscal years 2006 and 2007 have been recalculated to reflect a three-day reduction from a balance sheet reclassification. We booked a reclass from unbilled services to noncurrent assets and liabilities on August 31, 2007 to better reflect accounting for deferred costs in revenues, which are now separated from unbilled services.

In addition, our capital expenditures during the year reflect continued efficiency in structuring client contracts.

Our total cash balance at August 31 was \$3.31 billion compared with \$3.07 billion at August 31 last year. Cash combined with \$300 million of fixed-income securities classified as investments on our balance sheet was \$3.61 billion, compared with \$3.53 billion at August 31 last year.

Total debt at August 31 was \$26 million, compared with \$52 million at August 31 last year. Our balance sheet metrics continue to be strong. For the 12 months ended August 31, our return on invested capital was 58%, our return on equity was 62%, and our return on assets was 17%.

Before I turn things over to Steve, I will comment on share repurchases and dividend activities. In the fourth quarter we repurchased or redeemed 9.6 million shares for approximately \$401 million, at an average price of \$41.74 per share. For the full year we repurchased or redeemed 67.5 million shares for approximately \$2.3 billion at an average price of \$34.22 per share. At August 31 Accenture's total outstanding share repurchase authority was approximately \$1.65 billion.

In terms of our public float, using what we believe to be the most conservative method of calculation, which excludes all outstanding founder shares, our public float at the end of the fourth quarter was approximately 66%, compared with 58% at the end of fiscal 2006. The public now represents two-thirds of the ownership of our Company.

Today our Board of Directors declared a cash dividend of \$0.42 per share on Accenture Ltd Class A common shares for shareholders of record at the close of business on October 12. Accenture SCA will also declare a cash dividend of \$0.42 per share for shareholders of record of Accenture SCA Class I common shares at the close of business on October 9. Both are payable on November 15. This represents a \$0.07 per share, or 20%, increase over the dividend we paid last year.

All in all we had a strong quarter and an equally strong and consistent full fiscal year. Reflecting on my first year as CFO, I am very proud of our people and their tremendous ability to drive our business in a way that serves our clients and shareholders so well. This has truly been an amazing year.

Now Steve will give you some more detail on our operations.

Steve Rohleder - Accenture - COO

Hi everyone and thanks for joining us today. We had an excellent fourth quarter and a terrific year, with growth across all three dimensions of our business. Let me take you through some of the highlights, starting with the operating groups.

All five operating groups recorded their highest-ever annual revenues, with double-digit growth in U.S. dollars. Four operating groups also turned in strong double-digit growth in local currency.

In Resources, annual revenues were driven by strong consulting growth, with demand heavily focused on SAP and supply chain work. Outsourcing growth in EMEA was also strong. And in the fourth quarter the trend continued with strong growth in both consulting and outsourcing across all industries and geographies.

Our annual results in Financial Services were driven by growth in EMEA in all three industries, especially Banking. In the Americas, Capital Markets and Insurance also delivered solid growth. And in the fourth quarter revenue growth was due largely to the strength of our consulting business in EMEA, and our outsourcing business in the Americas. I think it is important to mention that our Financial Services business is very diverse, and the sub-prime market issue has had no impact on our business to date, although we continue to monitor the situation.

Annual results for our Products operating group reflect strong growth in both Consumer Goods & Services and Health & Life Sciences in EMEA. In the Americas we saw a significant contribution from the Retail industry group. And revenue growth in the fourth quarter was driven largely by Consumer Goods & Services across all geographies and our Retail group in the Americas and Asia-Pacific.

In Communications & High Tech we had an outstanding annual revenue growth in Asia-Pacific and EMEA. Outsourcing also contributed to growth across all industries and geographic regions. And in the fourth quarter we saw very strong growth coming from the telecommunications sector in both Asia-Pacific and EMEA.

Annual results in Government were driven largely by consulting work in EMEA and the Americas. In the fourth quarter we saw double-digit consulting growth in Asia-Pacific, EMEA and U.S. federal. I also want to mention that we recently changed the name of our Government operating group to better reflect the broader client base we are now serving. Going forward government will now be called the Public Service operating group.

As I look across the operating groups, I am really pleased with the solid results of the fourth quarter. As always, we continue to focus on the profitability improvements across all of these businesses.

In terms of the geographic regions, in the Americas our annual revenue grew by 10% in U.S. dollars and 9% in local currency. In the fourth quarter we saw strong results across most countries in the region, led by the United States and Brazil.

EMEA revenues increased 25% in U.S. dollars and 16% in local currency for the full year. And growth in the fourth quarter was driven by the UK, France, and Spain.

Revenues in Asia-Pacific grew 33% in U.S. dollars and 28% in local currency for the year. Fourth-quarter growth was even stronger, led by Australia and Japan. And this marks our sixth consecutive quarter of impressive double-digit growth in Asia-Pacific in both U.S. dollars and local currency.

Now turning to our growth platforms. In management consulting we saw strong demand throughout the year across all five service lines. We are continuing to expand through recruiting in both onshore and lower-cost locations. We're also adding capabilities through targeted acquisitions. For example, our recent acquisition of the George Group helped us add skills in the area of strategic process improvements.

In outsourcing we are seeing strong demand for our learning and procurement BPO offerings, as well as continued demand for finance and accounting. Application outsourcing continues to be the largest segment of our outsourcing business. And we are seeing demand for infrastructure outsourcing bundled with BPO and AO services.

In systems integration and technology, strong demand in SI is being driven by ERP work. Our technology consulting business continues to grow in double-digits, and demand is especially high in data center optimization and workplace collaboration.

We also continue to invest in the expansion of our Global Delivery Network, ending the year with more than 71,000 people, a 48% increase over FY '06. We grew GDN headcount year-over-year by more than 65% in Asia-Pacific and more than 30% in both the Americas and EMEA. Growth was particularly strong in our operations in India and the Philippines. And the geographic diversity of our network continues to be a major competitive advantage for us.

Finally, let me touch on a few operational metrics. Bookings were \$4.9 billion for the fourth quarter and \$22 billion for the full year. Consulting bookings were \$3.1 billion for the quarter. And this is the fourth consecutive quarter we have reached or exceeded \$3 billion in consulting bookings. Total annual consulting bookings of \$12.7 billion set another record, representing 19% growth over FY '06.

Outsourcing bookings were \$1.8 billion for Q4 and \$9.3 billion for the full year. As we have discussed previously, we have seen smaller contracts of shorter duration, but our average revenue per contract year is steady and our renewal rate remains high. In addition, we're finding that the shorter-term contracts we are seeing in outsourcing give us a lower risk profile, and this benefits our overall portfolio. We continue to be selective in the deals we're pursuing. And overall we're comfortable with our outsourcing pipeline to drive revenue growth in FY '08.

Turning to people management, we recruited 60,000 new hires during FY '07 and ended the year with approximately 170,000 employees, an increase of 21% over FY '06. Utilization was 84% in the fourth quarter and 85% for the full year. Attrition was stable, at 18% for both the fourth quarter and the full year.

In closing, our annual results reflect strong expansion across all three dimensions of our business. We also drove profitability through effective cost management and overall operational discipline. And finally, we gained market share globally and grew well above our proxy peer group. We're well-positioned to continue on this positive growth trajectory in FY '08.

And with that, let me turn it back to Pam for our business outlook.

Pam Craig - Accenture - CFO

For our full fiscal 2008 business outlook we will continue to provide annual guidance in all of the areas we have in the past, and we will update you on these measures quarterly. We will continue to provide quarterly guidance for revenue, so that you have a basis for understanding our growth by quarter during the year.

For the full fiscal year 2008 we are targeting new bookings to be in the range of \$24 billion to \$26 billion. We also expect our consulting bookings to be of similar proportion to the total that they were this year. This assumes continued strength in consulting and a book-to-bill ratio of 1 to 1.1. This also assumes a book-to-bill of at least 1.2 for outsourcing.

Turning to revenue, as we stated in our Q3 earnings call, we continue to expect to grow revenues on a trajectory of 9 to 12% in local currency. This continues to be our medium-term objective.

For earnings per share, we expect full-year diluted EPS for fiscal 2008 to be in the range of \$2.21 to \$2.26. We expect operating margin for full fiscal year 2008 to be in the range of 12.8 to 13.1%. You should expect some fluctuations quarter to quarter, as you have seen in the past.

We intend to expand operating margin by maintaining our focus on improving contract economics through pricing, cost management and delivery efficiencies. We will be continuing our multi-year program of working SG&A down as a percentage of net revenue, although at a lesser rate.

Now let's turn to cash flow. For the full fiscal year we expect operating cash flow to be in the range of \$2.4 billion to \$2.6 billion, property and equipment additions to be \$420 million, and free cash flow to be in the range of \$2.0 billion to \$2.2 billion. This takes into account that we expect our DSOs to remain in the 30s, but up from year end, and that we expect to expand our working capital and infrastructure capital to meet our growth projections.

To complete the annual outlook for fiscal 2008, we expect our annual effective tax rate to be in a range of 33 to 35%.

Finally, turning to the first quarter, we expect revenues to be in the range of \$5.4 billion to \$5.6 billion. This range assumes a foreign exchange uplift of 4 to 5%.

With that, here is Bill to close before we take your questions.

Bill Green - Accenture - Chairman & CEO

Let me recap just quickly here before we go to your questions. First of all, we're absolutely pleased with our outstanding performance in the fourth quarter and the full fiscal year. We continue to make excellent progress executing against our growth agenda. We achieved record quarterly and annual revenues and had double-digit EPS growth for the full year.

We generated a tremendous amount of cash, and our balance sheet remains strong. We are out in the markets. We are on top of our business. We find that demand for our services continues to be robust. We continue to expand on the capabilities that differentiate us and differentiate Accenture from our competitors in the marketplace globally. And most of all we have powerful momentum going into '08.

So let's go ahead and open it up for some questions.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS). Adam Frisch, UBS.

Adam Frisch - UBS - Analyst

A great job on the quarter and the year. I just want to ask two questions. First on free cash flow, a monster year in '07. '08 expected to be flat. What are some of the big puts and takes between '07 and '08? And hopefully you will beat it in '08 like you did in '07. But I just wanted to know what was a little higher or lower in '07 that could impact the comp in '08?

Pam Craig - Accenture - CFO

You probably remember that we guided last year to \$1.6 billion to 1.8 billion in the first quarter. And then just the outstanding continued performance on DSOs really made us be able to bring that up.

I think that, as you look at next year, I mean, we take into account what cash the business is going to generate. We made the DSO assumption a little more conservative than where we were at year end. We expect some uptick in capital because we have to fund the working capital and the growth. We will have higher annual bonus payments for this past year than we did for last year. And finally you have to take into account all the tax payments we may have.

Adam Frisch - UBS - Analyst

On the bookings side, flat expectations for next year off again another monster year in '07. But how do revenues grow in the 9 to 12% range if bookings are going to be relatively flat, and of the mix between consulting and outsourcing is about the same?

Steve Rohleder - Accenture - COO

This is Steve. I think the way you have to look at it is go back to the book-to-bill ratio that we talked about as well. We got well over a year in backlog in excess of 1.1 for consulting, and as Pam said, we're targeting 1.2 for outsourcing.

Pam Craig - Accenture - CFO

At least. At least.

Steve Rohleder - Accenture - COO

At least 1.2 for outsourcing. So I think the bookings is just -- the bookings target the year is well within the range to allow us to grow at the revenue clip that we want.

Adam Frisch - UBS - Analyst

Then two final questions. One, operating margin expansion, Pam. Still assuming the same kind expansion in '08, the 30 to 50 basis points or so, and just keep moving the line there?

Pam Craig - Accenture - CFO

I think it is more like 10 to 40. But, yes, we're going to just keep pushing on all the same levers to expand moderately.

Adam Frisch - UBS - Analyst

Then final one, any buybacks or additional buybacks assumed in the '08 EPS guidance, or would that all be upside?

Pam Craig - Accenture - CFO

There are some assumed in there, yes.

Adam Frisch - UBS - Analyst

Can you say how much?

Pam Craig - Accenture - CFO

Nope.

Adam Frisch - UBS - Analyst

All right.

Bill Green - Accenture - Chairman & CEO

Good try though.

Adam Frisch - UBS - Analyst

It was a good try. Thanks guys. Again, great job.

Operator

Moshe Katri, Cowen and Company.

Moshe Katri - Cowen and Company - Analyst

Let me add my congratulations. Can you talk a bit about looking at your fiscal '08 guidance what is embedded in your outlook for pricing trends next year in terms of growth? And then on the EBIT margins upfront, did we fix some of the challenges or the issues we had in the Financial Services vertical? Thanks.

Bill Green - Accenture - Chairman & CEO

I will address both of those. First of all, from a pricing standpoint, we are continuing to push through pricing increases in specific areas. We had - just as a bit of context, we had 300 of our leaders together over the last two weeks to take them through the operations agenda for next year. Pricing was top of the list in terms of margin expansion.

While I won't comment specifically on the assumptions that we have made, I will tell you that the areas that we are focused on -- we continue to focus on are management consulting, technology consulting, and specialty skills areas of systems integration.

On your second question around financial services, I do feel like we made some really good progress in Q4 on the operational inefficiencies that we had mentioned in the prior quarter. And we're watching it very closely as we move forward into FY '08.

Moshe Katri - Cowen and Company - Analyst

Finally, you mentioned 71,000 people in your global delivery network. Can you break them down by India, the Philippines and then other? Thanks.

Bill Green - Accenture - Chairman & CEO

I think right now we're about 35,000 in India. I don't think we have broken it down beyond there. We may have said at one point the Philippines - and we can get back to you with the break out of the different locations.

Operator

Rod Bourgeois, Bernstein.

Rod Bourgeois - Bernstein - Analyst

I wanted to talk quickly about the bookings. The midpoint of your guidance reflects 14% growth. So that actually sounds like a very good bookings number if you just hit the midpoint of your target. I guess the question is a lot of the investor concern in the world today is around the U.S. economy. So in light of the concerns and uncertainties about the economy, you're giving us a bookings number that is pretty good growth here. Where does that confidence come from? Can you talk about the regional mix of the bookings guidance, or maybe the mix between consulting and outsourcing, and give us a little visibility as to where that confidence comes from?

Bill Green - Accenture - Chairman & CEO

This is Bill. Let me just give you a sense for what we look at. We really look at two things. First is externally what is going on. The fact is if you stand back, we have a great global economy we are operating in, and we have a good U.S. economy. And I spent last week of the business roundtable, 160 CEOs from U.S. companies, and we had a pretty good frame of reference for what is going on there.

But also I think as people look at our Company, you can't lose sight of the fact that two-thirds of it is not in the United States. I think that is just an important thing to dial into.

I think the second thing is we look at our business, and I mentioned in my comments that we just done a thorough review, because it was just part of our normal leadership meeting and we happened to do it the same week as earnings. We went through our five operating groups and each one, including Financial Services, felt good and great about their business, about the competitive position. And they all had elements of the business that were on fire.

I think in that sense you stand back and look at it, people are confusing Wall Street and Main Street. And frankly on Main Street, and now with these companies, even if you want to let the sub-prime issue get on you, if you compete on the global stage you can't. And that is just a fact.

Just as if that was happening in China, it is a nit in the whole scheme of things. So we're not blind to what is going on there. We're looking very hard at this business. But frankly we look at our '08 plan, we think it is thoughtful. We think it is reasonable, and we feel confident about executing against it.

Rod Bourgeois - Bernstein - Analyst

Just to continue on the bookings topic, if I look at your fiscal '07 results, you came in at the lower end of the range. That is clearly because your outsourcing bookings were somewhat lackluster probably relative to your initial plan, and consulting was spectacular.

As you look into fiscal '08 are you going to benefit from some outsourcing deals that might have slipped from '07? Is there going to be more of a weighing towards outsourcing kind of recovering, or are you still looking at a year were consulting continues to outperform on the bookings front?

Bill Green - Accenture - Chairman & CEO

We continue to feel great about the consulting business. And when they outperform one year, they make it their plan the next year. So I don't know whether they will outperform, but we expect them to continue to have great momentum.

We feel good about the outsourcing work we took this year. I think -- that is something that is very important to me in terms of the quality, the durability, the duration and the profitability. But we are dialing up some things in the outsourcing space, because if you look at our pipeline, it is rich with opportunities. I think some of the announcements we have had, even since the beginning of this new fiscal year, you have seen some things where we have announced some bookings in the outsourcing space.

Yes, there is plenty of market there. We're going to turn up the dials on it a little. I would have liked to seen a little better outsourcing bookings, but I'm still very bullish on that part of the business, and we're charging ahead with it.

Rod Bourgeois - Bernstein - Analyst

One more related question here, and to look at this from a different angle. You have guided a 9 to 12% revenue growth in local currency for fiscal '07. If I get the numbers right here, excluding the NHS adjustment, your local currency revenue growth for fiscal '07 was actually about 11%. So you were at the upper end of your range.

You are now guiding to fiscal '08 of 9 to 12% again, which means you actually believe you could see growth accelerate on a local-currency basis into fiscal '08. And so my question is, if you actually achieve 12% local currency revenue growth next year, is that acceleration more likely to come from consulting or more likely to come from outsourcing?

Pam Craig - Accenture - CFO

I think we said 9 to 12. So 12 would be great, but we said 9 to 12. I think as I mentioned in the script, consulting continues to be very strong going into next year. And we're looking for a book to bill of 1.1 to 1 with that, and outsourcing book to bill of at least 1.2.

Rod Bourgeois - Bernstein - Analyst

Okay.

Pam Craig - Accenture - CFO

I might not be following the question.

Rod Bourgeois - Bernstein - Analyst

Here's the simple question. What has happened in the last several quarters is your consulting business has started to accelerate to a growth rate that is better than your outsourcing business, when you look at it on an organic basis. Is that trend likely to continue into fiscal '08, or are you going to see the outsourcing business sort of catch-up with consulting or actually accelerate past consulting?

Pam Craig - Accenture - CFO

We have looked at it and I think the mix, the roughly 60/40 mix that you have seen the past couple of years, we've our expecting that to continue.

Rod Bourgeois - Bernstein - Analyst

All right. So balance growth -- 9 to 12% balance across consulting and outsourcing in fiscal '08?

Pam Craig - Accenture - CFO

Yes.

Bill Green - Accenture - Chairman & CEO

I would just add to that. As we built the plan, as you guys know, we have talked to you about the nature of the consulting bookings. It used to be few years ago when we built a plan, you had to roll the dice on a couple of very large outsourcing things signing.

And so what we have now is the durability and the sort of variability of the business to have just straight out performance in doing the traditional outsourcing business, continuing to grow it. And if we get any of the big giant outsourcing wins, they fall on top of what we have put in the plan. So you don't have to try to drive the Company around one or two of these things. We have the company working as a machine. And if we get lucky on a couple of very large ones, they just sort of add to the sweetness of it.

Pam Craig - Accenture - CFO

That is the difference between the lower and the higher end of the range.

Bill Green - Accenture - Chairman & CEO

The top end of the range is a couple of those breaking our way. But you can't run the Company praying the two of those are going to happen. You've got to run it with what you can see.

Rod Bourgeois - Bernstein - Analyst

But your view on where you will come out in the 9 to 12%, has that changed at all in the last couple of months, given some of the uncertainties in the economy, or is your expected case revenue growth performance about the same as where you were when you initially gave your 9 to 12% number?

Pam Craig - Accenture - CFO

That has not changed.

Bill Green - Accenture - Chairman & CEO

Yes, it hasn't changed since the spring. In fact, Pam used the term yesterday to me, she said I'm heartened by listening to the business review of all our operating groups. So to me that is an important thing. I mention that because it is a data point from this week, not from when we built the '08 plan.

Rod Bourgeois - Bernstein - Analyst

Excellent. Thanks for the commentary.

Operator

Julie Santoriello, Morgan Stanley.

Julie Santoriello - Morgan Stanley - Analyst

I wanted to dig in a little bit more on SG&A, I guess, impressive improvements in the fourth quarter and throughout fiscal '07. Can you talk about some of the specific drivers that really helped in '07, and those that you expect to continue in '08? It sounds like not as many things to tap into, but still some.

Steve Rohleder - Accenture - COO

Yes, this is Steve. For '07 it is basically three buckets of outcomes that contributed to the 110-basis-point reduction. First of all, we set a pretty aggressive target in moving some of our corporate functions offshore. So we are operating in lower-cost locations, and we made some great progress there. I think looking ahead for '08, we still have some room to continue that shift. I would tell you there's a couple of functions that did very well that I probably don't see moving much more. There's a couple that I can see us moving a little bit more aggressively. So that will have an impact.

The second area was sales effectiveness and efficiency, basically how we go to market and how we spend our sales dollars. I think toward the second half of '07 we actually began to see the benefit of some of the processes that we had put in place at the beginning of the fiscal year. I can tell you that we are focused on continuing to drive efficiency around our business development and sales activities into '08.

Then the third area is consolidated procurement. We are continuing this journey of driving consolidated spend under management within Accenture. Every percentage point we are able to achieve there obviously saves us money from a SG&A standpoint. So we made a lot of progress in '07. I still think we have a little room in '08 in that area as well.

Julie Santoriello - Morgan Stanley - Analyst

Thanks. A more general question, I guess. Bill, you said in the past that the business really is dependent first and foremost on CEO confidence. And that is what you look at as an important driver of (inaudible) the consulting business continuing. Being that you just came from a business roundtable event, and just from your other conversations with customers, I'm wondering what your thoughts are right now on CEO confidence heading into '08 relative to '07?

No matter what, I understand the strength of the global economy, and the U.S. economy certainly isn't falling off a cliff. But we do have an environment that is at a minimum more uncertain. I'm wondering if you are seeing that at all in your conversations with the CEOs?

Bill Green - Accenture - Chairman & CEO

It is certainly a topic of conversation, as everybody is looking around and the thing has taken on a life of its own. I think if you look at a lot of the big U.S. players, where they might be a little off in the U.S., they have overperformed in terms of exports or overperformed for their operations that are not in the U.S. And when they stand back and look at their operations they continue to be good.

There are some very narrow sectors in certain businesses, particularly with very small businesses, and some of those people actually finance their businesses with some home equity in the very small business play. Some executives have trouble. But in the sort of big players they don't see it.

I guess the other thing that is important is the competitive environment has not gone away, it has gotten more intense. And so even if you chose to sit out investing in something, you can't do it because somebody in Europe or France, somebody in France, somebody in Asia is investing in that capability and going to take it to market.

I think people are uncertain about what is floating around out there. But they're not uncertain about what they need to do to continue to compete. And I think that the theme in the room were we have made good U.S. economy, a great global economy, and that people confuse Wall Street and Main Street. And most of the business people in the room did not see that.

Operator

Julio Quinteros, Goldman Sachs.

Julio Quinteros - Goldman Sachs - Analyst

I guess probably Steve or Pam, if you guys could just talk a little bit about gross margins as it relates to fiscal year '08 outlook. Assuming that some of the levers on the SG&A side are kind of reaching their capacity here, how do we get the gross margin item in the model working back in the right direction from here?

Pam Craig - Accenture - CFO

As I mentioned, we are continuing to focus on contract economics, pricing, cost management, delivery efficiencies. That is where it all starts. That is most of what is in gross margin. Of course the bonus is in there too. And you saw what we did this year, because we did pay -- accrue, and we will pay more bonus this year. But nonetheless fundamentally it is about contract economics.

Julio Quinteros - Goldman Sachs - Analyst

Does that also work hand in hand with type of work that you're doing, meaning more consulting versus outsourcing at this point in time?

Pam Craig - Accenture - CFO

Not necessarily. We focus on it across the board.

Julio Quinteros - Goldman Sachs - Analyst

I guess just sort of on an unrelated note, but this is something that I think we have talked about in the past. Just if you could break up the consulting business in general terms, or in some specific percentages if you can provide that, what is the actual discretionary part of your consulting business? It has got a lot of different items in there, so help us understand, I guess, assuming that there is a risk of deceleration, etc., what would be the part that will be the most discretionary subject to getting cut or anything along those lines?

Bill Green - Accenture - Chairman & CEO

In all honesty, if you stand back and look at the business, and we do this routinely, the most discretionary stuff are the "boutique" kind of assignments. And we as a Company don't do boutique assignments. Right? They are the small studies, evaluate this, assess that, give me your advice on this. And if you stand back and look at our consulting stuff, it is how to compete on a global basis. It is how to engineer our global supply chain, and then we go execute that for the company.

The nature of our consulting work is not of the small study, the optional stuff. The average lifespan of one of our consulting engagements is over a year, and in many of them, multi-year. if you look, even in Financial Services, as an example, if you look at some of the biggest players out there, they are doing global platform rollouts. They are doing global SAP finance rollouts. They've got global initiatives around improving their regulatory posture. They've got competitive things about bringing new products to market, not just in the U.S. but on a global basis. And those are traditional consulting projects for us that are right at the heart of what we do every day. And the nature of those is not discretionary at all.

When I look at the part that is truly discretionary and this is -- five years ago we probably would've had a higher discretionary content to your point. But I look at the nature of what we do now, it is a single-digit thing on the best day.

Julio Quinteros - Goldman Sachs - Analyst

Great. Then just for Steve, I think the GDN numbers that you suggested were 42% of total headcount, if I have the numbers right. How much further does the GDN grow as a percentage of your total headcount from here?

Steve Rohleder - Accenture - COO

We let the market define that as we move forward. Basically as we continue to shift work offshore we are going to let that drive the headcount. And we are still seeing strong demand.

You know, it is interesting, I don't even think we have hit the ceiling in terms of the U.S. offshore, much less offshore usage in Western Europe and in Asia Pacific. I was in Australia last week and they have just got a handful of offshore projects right now. I think we can grow that much more aggressively.

The interesting thing also in offshore is we are seeing a shift now from India to other -- like to Latin America, for example, and Argentina, where North American companies are concerned about their concentration in India and want to shift their offshore usage to other parts of our network. When I talk about the geographic diversity of our GDN, I really mean it, because it is serving us very well as our clients want to make that kind of shift.

Julio Quinteros - Goldman Sachs - Analyst

Especially the Eastern European platforms, the ones that you have built over the last couple of years, I saw a list of names there, and it is just impressive in terms of where you guys are, even across Eastern Europe, at this point in time relative to some of the India-based competitors.

Steve Rohleder - Accenture - COO

Yes, and it is at scale. It is not 10 or 20 people.

Julio Quinteros - Goldman Sachs - Analyst

Right. Just on a related note, or maybe it is unrelated, but is there any correlation at all in terms of gross margins and the continued expansion of the GDN at this point? How do we think about the economics on that part?

Steve Rohleder - Accenture - COO

Pam talked about cost-efficient delivery. There is an impact on gross margins to a certain extent, but we have also built into the model some assumptions that we have to reduce our costs to serve. We have to continue to shift to lower-cost locations. All that is in the guidance for the gross margin numbers that we put out today.

Bill Green - Accenture - Chairman & CEO

I would just add to that. As you look at this business, we're sitting here at the beginning of the year, we see nothing but opportunities to improve our performance as business operators. Right? We see an opportunity to reduce the cost to serve, what it takes us to do what we do for which we get paid. We continue to see leverage points around quality improvements, around cost efficiencies, around travel expenses, around all kinds of things. When I sit here, I don't see any less leverage in the business than we had last year.

Yes, we took an advantage of some, but we found new areas and opportunities. And this whole cost to serve thing is another tremendous opportunity we have going forward. When we look at operating Accenture as a high-performance business, we see a lot of things that Pam and Steve and I and our leadership team can do to improve the economic performance of this business and exceed what we're putting on the table.

Operator

Edward Caso, Wachovia.

Edward Caso - Wachovia - Analyst

Let me add my congratulations. Can you talk a little bit about Europe and what we're hearing as a growing acceptance of outsourcing and offshore, and how Accenture is positioned for that, particularly with maybe facilities in Eastern Europe or maybe even Russia?

Steve Rohleder - Accenture - COO

This is Steve. I will start. I think you have to kind of separate two trends. One is the UK from the Continental European trend. In the UK we have for the last three or four years actually supported a number of UK clients through the India Center because of the English language thing.

As the trend has moved now into Continental Europe, what we have seen is an expansion of our centers in Prague, for example, in what they call Central Europe, our Central European locations, because of the ability of those centers to focus on the multi-language capability. A lot of the work that is coming up now through Central Europe has migrated from just the simple application outsourcing to the back office, the human resource, the finance, the procurement, BPO functions.

As you move that, you have to be able to service those clients with multilanguage capability. And I think two years ago when we made the decision to invest in Romania, to invest in Prague and other centers through Central Europe, we knew exactly what we're doing to support that trend, and we got ahead of it. We made the investment. We have the people in place now to support it. So I think we've got a strong network there, and we are going to be able to support the clients that want to move in that direction.

Edward Caso - Wachovia - Analyst

Given the European Union rules it is very easy for the people in the former Eastern Bloc countries to actually go and sort of be in the more Western European countries. Has that cut into your supply of potential workers in your Eastern European locations?

Steve Rohleder - Accenture - COO

Actually, it is just the opposite. If you go to Prague and you look at how we have staffed the place, we have gone to the Western European countries, hired people that want to work in Prague, for example, on a three-year stint, and move them over to the center. You would be amazed at how interested people are in terms of moving to those kinds of centers. At least in our case, the migration has been just the opposite.

Edward Caso - Wachovia - Analyst

Last question. The term medium-term was used several times as far as the growth rate was concerned. What is the message you're trying to give there? How many years can you grow 9 to 12% local? Is there chances to accelerate that? Do you expect it to tail off? Can you put some meat to what medium-term means?

Pam Craig - Accenture - CFO

Yes, I think it is good to think of it in terms of 2 to 3 years. We have been using it the last couple three years, as far as I remember, as being our objective, so we're sticking with it for now.

Operator

Andrew Steinerman, Bear Stearns.

David Ridley-Lang - Bear Stearns - Analyst

It is [David Ridley-Lang] for Andrew. Will the planned bill rate increases that you're doing cover your planned pay rate increases for this fiscal year, including any planned accrual of annual bonus?

Steve Rohleder - Accenture - COO

Yes, they will.

David Ridley-Lang - Bear Stearns - Analyst

That is all in the guidance?

Steve Rohleder - Accenture - COO

Yes.

Pam Craig - Accenture - CFO

Yes.

David Ridley-Lang - Bear Stearns - Analyst

All right thank you.

Steve Rohleder - Accenture - COO

You might remember that we don't -- we make sure that we keep our ability to recover [in sync], just as a sort of an operating philosophy of our Company.

Operator

Abhi Gami, Banc of America Securities.

Abhi Gami - Banc of America Securities - Analyst

A very good quarter. You mentioned earlier that the outsourcing duration was also down, and there is just one reason why. You are not concerned about the booking trend. Can you quantify what the duration did year-over-year? Was it down more than the 4.5% or so that outsourcing bookings were down?

Steve Rohleder - Accenture - COO

No. I would go back and look, but the average duration has been on a trendline over the last two years, as we have watched it. I think it is also a function of us just making sure that we're selecting projects that fit that profile. It is a combination both of the market and our selection. But I would say it is not in excess of 4.5%.

Abhi Gami - Banc of America Securities - Analyst

How about on the consulting side, are you seeing more multiyear type deals signed there in general on a year-over-year basis?

Steve Rohleder - Accenture - COO

Yes, we are. Especially in the SI area where we're doing more and more global ERP rollouts. When we -- in our Products and Resources operating groups we have a substantial amount of large global ERP rollouts and those typically run 2, 3 years.

Abhi Gami - Banc of America Securities - Analyst

Great. (inaudible) question is just on Asia-Pacific. You mentioned six quarters now of double-digit growth plus. Are you probably properly sized in the Asia-Pacific market, say Japan and Pacific Rim? Do you need to make, or are you planning to make any proactive investments to expand your footprint there? And how do you feel your competitive position within that market now that things are picking up?

Steve Rohleder - Accenture - COO

I think we are extremely well competitively positioned. Again, from my trip to Australia, our leadership in that country is very bullish on our ability to win both consulting and outsourcing work. We are seeing accelerated growth now in Singapore, which is becoming our third-largest

hub, if you will, in Asia-Pacific. And the Japanese have moved very aggressively from what used to be just a consulting business now into both outsourcing in SI.

We're planning some investments to move some leadership and some senior executives into support that growth, but we're having no trouble at all attracting people on the ground to help us with the work.

Operator

George Price, Stifel Nicolaus.

George Price - Stifel Nicolaus - Analyst

Thanks very much for taking a couple of questions, and I will congratulate you as well. Pam, you mentioned 4 to 5% currency benefit looking into next quarter. Can you give us any thoughts just where currencies are now, if things sort of stay as is what that could look like on top of the 9 to 12%?

Pam Craig - Accenture - CFO

You can do the math as well I. I think it is just -- we're going to give you our estimate for the next quarter or each quarter. And that is really we think the best we ought to be doing at this point. And then of course we guide in local currency.

George Price - Stifel Nicolaus - Analyst

Right. No, I was wondering if you had gone through that process yourselves. Looking at the revenue growth guidance that you have given, can you talk at all about the vertical, the contributions of the verticals to growth? For example, the Financial Services grew pretty significantly. One would think that it is likely to slow, for no other reason just tougher comps. What is the most likely do you think on a vertical basis to pick up the slack, and why?

Steve Rohleder - Accenture - COO

I think we will see an acceleration of the growth in our Communications & High Tech group. I think we will see continued strong growth in Products and Resources based on the companies and the profiles of the organizations and clients they are serving.

I think Financial Services will have strong growth. And we put a prudent plan in place for them. In Public Service, or Government, I think we will see some accelerated growth in that operating group, as well as because we're coming off a pretty slow year, if you will. So that gives you a little picture.

George Price - Stifel Nicolaus - Analyst

Did you see -- I know with the August quarter end, it might have been a little bit later, you might not have seen it at all, but did you see any sort of pick up in deals, either consulting or outsourcing deals, slipping into either fiscal 1Q '08 or maybe with -- maybe larger outsourcing deals into the back half of -- I'm sorry -- into the beginning of next year from the back half of this year?

Steve Rohleder - Accenture - COO

I think if you stand back and look at it over a couple of years period of time, there is just a natural slipping. It is sort of like doesn't advantage you one way or another. Because you use what's slipped, and then that things you were counting on for that quarter drift into the following quarter. So we haven't seen an inordinate amount of -- it has been pretty steady. And frankly we have a pretty good sense for when the things are going to land, and we follow it like religion. And they pretty much land where we expect. So we haven't seen anything out of the ordinary.

George Price - Stifel Nicolaus - Analyst

Last question. With respect to Financial Services in the U.S. and the UK -- well, Financial Services in general, can you talk about how much of the growth in fiscal '07 was driven by consulting? And maybe in the context of the U.S. and the UK specifically since from a Financial Services perspective they might be the most likely to see a little bit of moderation in fiscal '08?

Bill Green - Accenture - Chairman & CEO

Of course we are on red alert for Financial Services, because it is all you read about and all you talk about. The management consulting business is described by our business runners as blistering in Financial Services. There is a lot more work on the high end. It is a very competitive industry on the low end. On the commodity services it is very, very competitive. Between individual captives, between some of the offshore players, it is a competitive space.

Where people are investing in Financial Services, and if you look at the acceleration of our consulting business in Financial Services, that continues to be important. The other thing that is an example of the driver is you know we had a domestic M&A merger kind of environment for the last decade, and now we're having a global merger environment. There's things like that the drive dramatic amounts of consulting business. Our job, frankly, is to be in the places where that stuff is happening. These companies that are doing this stuff are our clients on a global basis. Many of them are coming together in some way or another, and we're the guys that do that kind of work.

When we look at Financial Services in a very traditional way, there's a real tough end of the business at the low end. But there is still a lot of rich and important and high-value work at the high-end, which is where we are focused.

George Price - Stifel Nicolaus - Analyst

Are you seeing clients ask for more global delivery, now maybe more recently over the last few months, maybe a little bit more desire for cost focus, both in that vertical and just more broadly? Has the demand for offshore changed at all?

Bill Green - Accenture - Chairman & CEO

Yes, it is not -- I guess let me make the distinction. The thing they are asking for -- the think they aspire to do is operate consistently and efficiently on a global basis. So when we see demand, what we are seeing it is, how do I operate efficiently on a global basis? In other words, leverage processes, technology, capability?

It is part of a means to an end. It generates technology service demand, which is a natural thing would be performed in a non U.S. location, just to use an example. But I think the important thing driving the demand is how do you operate consistently on a global basis. Because they're trying to be locally responsive in all these countries around the world, but globally efficient in terms of (technical difficulty) they operate. When they look at their operations they see tremendous opportunity for cost improvement and speed improvement. And that is what they ask us to help with.

Richard Clark - Accenture - Managing Director, Investor Relations

Operator, we have time for one more question.

Operator

Tien-tsin Huang, JP Morgan.

Tien-tsin Huang - JP Morgan - Analyst

Just hoping to get a few people or headcount metrics that I might have missed. Did you give your assumptions around overall wage inflation and headcount growth in fiscal '08?

Steve Rohleder - Accenture - COO

No, we didn't. I will just tell you that the increases that we put through were slightly ahead of what we did last year.

Tien-tsin Huang - JP Morgan - Analyst

On the wage inflation front, so we should expect a similar rate in '08?

Steve Rohleder - Accenture - COO

Correct.

Tien-tsin Huang - JP Morgan - Analyst

Are you seeing any resistance overall in the hiring side? It seems like the sheer number on the growth of people is getting quite large at Accenture.

Steve Rohleder - Accenture - COO

It is. And I look every month, I look at our acceptance rates. I have seen no dip in the acceptance rates, which is a good indication frankly of how we're able to attract both experienced people and new young professionals starting at the bottom of our organization. So we're not having any trouble at all the attracting the number of recruits that we need.

Tien-tsin Huang - JP Morgan - Analyst

Just two more quick questions. Margins in the outsourcing business, can you give us some read there on where we are on the margin curve in outsourcing, assuming that we are seeing some maturation of the portfolio?

Steve Rohleder - Accenture - COO

Yes, I mean I don't think we break out margins.

Tien-tsin Huang - JP Morgan - Analyst

Understood.

Steve Rohleder - Accenture - COO

I don't think we ever have.

Tien-tsin Huang - JP Morgan - Analyst

Just directionally. Just directionally.

Steve Rohleder - Accenture - COO

Yes, there's pockets for improvement and there's pockets of great performance in our outsourcing portfolio, and I am satisfied with where we are at right now.

Tien-tsin Huang - JP Morgan - Analyst

Last one. On the Government side in the U.S. What are you seeing in the end markets on the pipeline of the U.S. government?

Steve Rohleder - Accenture - COO

We break it into state and federal. On the federal side we're still seeing strong opportunity within the pipeline. The challenge obviously will be how quickly they will close, and whether they will stick to the schedule with the election coming up. We've got that in the plan. And frankly it is factored into the sales that we have projected.

On the state side we have been a little bit more conservative in terms of what we have gone after anyway. While the demand is there, we're just going to be more selective about what we chase.

Tien-tsin Huang - JP Morgan - Analyst

Very good. Thank you.

Bill Green - Accenture - Chairman & CEO

Let me just close it down. And I appreciate everybody sticking with us here. If I stand back from it and I look at it, we had a really strong quarter and a great year. We're delighted with our performance. And we have entered 2008 with confidence and a great deal of momentum.

We are focused on executing our growth plans, further expanding our capabilities, strengthening our global franchise, and continuing to differentiate ourselves in the marketplace. We continue to build a Company that is nimble, durable and diverse. And we operate it with discipline and with flexibility.

Finally, I want to thank the men and women of Accenture, who produce these excellent results for both our clients and our shareholders. And thank you very much for joining us on the call today. As always, we appreciate your support.

Operator

Thank you. Ladies and gentlemen, this conference will be available for replay after 9.45 PM today through midnight Thursday, October 11. You may access the AT&T Executive Playback Service at any time by dialing 1-80-475-6701 and entering the access code 887345. International callers dial 320-365-3844 using the same access code, 887345.

That does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.

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