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Conference Call Transcript

ACN - Q2 2008 Accenture Earnings Conference Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to Accenture's second-quarter fiscal year 2008 earnings conference call. At this time, all phone lines are in a listen-only mode. Later there will be an opportunity for your questions. (OPERATOR INSTRUCTIONS). As a reminder, today's conference call is being recorded. With that being said, I would now like to introduce your opening speaker today, 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 second-quarter fiscal 2008 earnings announcement. As the operator just mentioned I'm Richard Clark, Managing Director of Investor Relations. With me this afternoon are Bill Green, our Chairman & Chief Executive Officer; Pamela Craig, our Chief Financial Officer; and Steve Rohleder, our Chief Operating Officer. We hope you've 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 the remainder of fiscal year 2008, and Bill will close the presentation before we take your questions.

As a reminder, when we discuss revenues during today's call, we're talking about revenues before reimbursements, or net revenue. Some of the matters we'll 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 news 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 reconciliation 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

Thank you, Richard, and good afternoon, everyone. We are pleased that you could join us today as we discuss our strong second-quarter financial results. Our continued focus on clients, on execution, and on accountability serves us well.

In today's environment clients are looking for results, and this plays to our strengths. We see a lot of opportunities for our services in the market, and we are laser-focused on taking advantage of them. We are fortunate to have great clients and great people, and that combination really drives our continued strong results and our confidence going forward.

Here are some highlights from the quarter:

- First, we grew revenues 18% in U.S. dollars and 11% in local currency, with double-digit growth in both consulting and outsourcing.
- We had strong earnings of \$0.64 a share, and we have again raised our outlook for EPS for the full fiscal year.
- We delivered outstanding new bookings of \$6.4 billion and record consulting bookings of \$3.8 billion.
- Our balance sheet continues to be strong, with free cash flow this quarter of \$645 million.
- Finally, we continue to return cash to shareholders through the repurchase of 16.3 million shares this quarter.

With that, let me turn the call over to Pam for details on our financials.

Pam Craig - Accenture - Chief Financial Officer

Thank you, Bill, and thanks to all of you for listening today. I am pleased to tell more about our strong results in the second quarter of fiscal 2008. We had record consulting bookings, double-digit revenue growth in both consulting and outsourcing, and strong quarterly earnings.

Let me take you through some detail behind the numbers in our income statement, balance sheet and cash flow. Unless I state otherwise all figures are GAAP except the items that are not part of the financial statements or that are calculations.

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Net revenues for the second quarter were \$5.6 billion, in line with our guided range of \$5.5 [billion] to \$5.7 billion. Net revenues increased 18% in U.S. dollars and 11% in local currency over the second quarter of last year, solidly in line with our guided annual range of 9 to 12% in local currency. Consulting revenues were \$3.35 billion, an increase of 18% in U.S. dollars and 11% in local currency. Outsourcing revenues were a record high of \$2.26 billion, also an increase of 18% in U.S. dollars, 11% in local currency.

Moving down the income statement, gross margin was 29.5%, compared with 29.6% for the same period last year. SG&A costs for the quarter were \$1 billion, or 18% of net revenues, compared with \$839 million, or 17.7% of net revenues, for the second quarter last year. The change is comprised of a 40-basis-point increase in sales and marketing costs, offset by a 10-basis-point decrease in G&A costs. This represents higher sales costs related to the development of early-stage opportunities in our pipeline, particularly in our Public Service operating group.

Operating income for the quarter increased 14% to \$638 million, reflecting an 11.4% operating margin. This compares with \$559 million, or 11.8% operating margin, in the second quarter last year. Operating margin was consistent with our expectations for the second quarter, and as a component of the fiscal year, as the second quarter typically has lower operating margin.

Our year-to-date effective tax rate decreased to 27%, resulting in a rate of 17.8% for the quarter. The year-to-date rate of 27% was lower than our previously communicated annual range of 32 to 34%, due to a couple of items not anticipated. First, some final determinations of prior-year tax liabilities, and second, the effect of new research and development credits outside the U.S. The effect of these items in the quarter was \$0.09 when compared to the low end of our previously communicated tax range.

Income before minority interest for the quarter was \$534 million, compared with \$413 million for the second quarter last year, an increase of 29%.

Diluted earnings per share were \$0.64, increase of 36% over diluted EPS of \$0.47 in the second quarter last year. This EPS of \$0.64 reflected our strong revenue growth and solid operating results and also included the effect of the lower tax rate and the lower share count compared with last year.

Now, let's turn to some key parts of our cash flow and balance sheet. Free cash flow for the quarter was \$645 million, resulting from cash from operating activities of \$724 million, and properly and equipment additions of \$79 million.

Turning to DSOs, our days services outstanding were 35 days, down from 37 days in the first quarter. We believe that a DSO level that continues to be in the 30s is very strong.

Our total cash balance at February 29th was \$2.58 billion, compared with \$3.31 billion at August 31st. Cash combined with \$129 million of fixed income securities classified as investments on our balance sheet was \$2.71 billion at February 29th, compared to \$3.61 billion at August 31st. We continued to return cash to shareholders through share repurchases during the quarter, which I will describe in more detail momentarily. Total debt at February 29th was \$9 million, compared with \$8 million at November 30th and \$26 million at August 31st.

Our balance sheet metrics remain strong. For the second quarter our return on invested capital was 68%; our return on equity was 71%; and our return on assets was 19%.

Before I turn things over to Steve, I will comment on share repurchases and update you on how we are continuing to address the founder share overhang. During the quarter, we repurchased or redeemed 16.3 million shares for \$549 million, including approximately 3.6 million shares repurchased in the open market. The average price of shares repurchased or redeemed in the quarter was \$33.78 a share. At February 29th, we had \$3.6 billion of share repurchase authority remaining.

Turning now to the July 2009 founder share overhang. As we have stated, we are continuing to take thoughtful steps to make July '09 a non-issue. Let me give you an update. First, during Q2 we purchased just under 6 million Ltd Class A common shares from certain former partners outside the U.S. in targeted repurchase transactions at a per-share price of \$33.29. At the end of Q2 this left approximately 94 million founder shares held by retired or resigned partners that are locked up until July 2009. Second, effective April 1st, we are accelerating the release, over Q3 and Q4 of this fiscal year, of more than a third of these locked-up founder shares held by some former partners. These shares would then be redeemable through Accenture, and we expect to use our cash to redeem them, as in the past. We will continue to address the smaller remaining overhang to facilitate an orderly transition of the shares.

Finally, let me comment on the size of our public float. Using what we believe to be the most conservative method of calculation, our public float at the end of the quarter was approximately 69%, which excludes all outstanding founder shares.

All in all, we had a strong quarter, and are pleased and proud of our results. Now Steve will give you some operational detail.

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Steve Rohleder - Accenture – Chief Operating Officer

Thanks, Pam. Hi, everyone, and thanks for joining us today. Q2 was another strong quarter. Let me take you through some of the highlights starting with the operating groups.

We're extremely pleased that four of our five operating groups achieved strong revenue growth and also delivered strong operating margin. I know there's a lot of interest in Financial Services, so I'll provide a quick update on that operating group.

We're seeing strong demand in Financial Services throughout Europe and increased demand in Asia Pacific, while North America is holding up well. Through long-term relationships with key clients, we're selling additional work and signing contract renewals and extensions. We've sharpened our offerings to target the C-Suite issues of today, including cost management, and we're using outsourcing as a strategic tool to deliver improved business results.

Another operating group I'd like to highlight is Communications & High Tech, which continues to show strong momentum. This was the third straight quarter in which CHT had double-digit revenue growth in both U.S. dollars and in local currency. In Communications, we're seeing significant demand in the customer service area, which has resulted in some recent big wins throughout Europe.

The Public Service operating group had some challenges this quarter, with 3% revenue growth in U.S. dollars and a decrease of 1% in local currency. This was primarily due to lower outsourcing revenues in the Americas. Q2 operating margin in Public Service was affected by delivery inefficiencies on a few contracts, as well as the investment we're making in building a strong pipeline of early-stage opportunities. We're very focused on improving the growth and the operational performance in this business unit.

From a geographic standpoint, all three geographic regions continued to deliver solid revenue growth in Q2. In the Americas, revenues grew 13% in U.S. dollars and 10% in local currency. The U.S. and Canada both performed well, and Brazil and Argentina had exceptionally strong growth. In EMEA, revenues increased 20% in U.S. dollars and 9% in local currency. We saw strong double-digit growth in local currency in many of the largest countries, including Italy, Spain, and France. Revenues in Asia Pacific grew 35% in U.S. dollars, and 23% in local currency, reflecting continued expansion in Japan, Singapore, and China.

Now turning to the growth platforms, where we're increasing our differentiation in the marketplace by expanding is our capabilities.

In management consulting, we're seeing demand from clients for our talent management, supply chain, and finance and performance management services. Clients are also turning to us for strategic consulting services, such as market entry strategies, mergers and acquisitions, and pricing strategies.

In the systems and integration technology part of our consulting business, we're pleased that for the second year in a row, IDC named Accenture the worldwide leader in systems integration. And Forester recently named us the leader in SAP and Oracle implementation services globally. We continue to see strong demand for ERP, where our alliance relationships are contributing to our industry-leading position. Our focus on leveraging alliances also has contributed to the success of our Avanade subsidiary. With more than 4,000 people providing solutions based on Microsoft technologies, Avanade continues to grow quickly and profitably. Another technology area we continue to invest in is service oriented architecture, or SOA, where we've reached some noteworthy milestones recently. To date, we've trained more than 30,000 of our people in SOA, and currently have more than 1,000 SOA-related projects underway.

Moving to our Global Delivery Network, we now have 76,000 people in 49 delivery centers, making Accenture's Global Delivery Network what we believe to be the largest such network in the world.

In outsourcing, we had solid revenue growth this quarter, but growth rates and outsourcing can be variable. While there might be some moderation in the revenue growth rate over the next two quarters, given bookings patterns in the last two quarters, we believe this business is breaking our way, as evidenced by both bookings in the quarter and our pipeline. In terms of outsourcing demand, we are seeing evidence of a growing trend toward bundled outsourcing, where clients see the advantage of outsourcing multiple processes applications and or infrastructure to a single provider. This bundling plays to the strength of our broad range of offerings and, along with our long-term client relationships, has led to an increase in the number of sole-source deals in our pipeline.

We're also pleased with the significant growth in application outsourcing, which is still the largest part of our outsourcing business. We continue to help our clients move beyond labor arbitrage by transforming their IT applications to enhance business productivity. And we continue to see demand across BPO, with exceptionally strong interest in our finance & accounting and procurement offerings.

Finally let me turn to a few operational metrics. We're delighted that new bookings for the quarter were \$6.4 billion. This includes consulting bookings of \$3.8 billion, an all-time high, and outsourcing bookings of \$2.6 billion.

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In terms of our people, our recruiting continues as planned, and we ended the quarter with 178,000 people. Utilization was 83%, consistent with the first quarter and in the range we expected. Attrition decreased to 15%. Managing supply and demand of our resources remains a top priority. We're maximizing operational performance by closely tracking and managing levers, including utilization, attrition, recruiting and training, and balancing them against the market demand.

In closing, we're proud of our Q2 results. We're seeing significant demand in the market for our services and are focused on the operational discipline needed to continue to deliver strong results. With that, let me turn it back to Pam for our business outlook.

Pam Craig - Accenture - Chief Financial Officer

Thank you, Steve. As we've done in prior quarters, we provide an update on our annual outlook for the full fiscal year, and we also provide for the next quarter for revenues. While there continues to be uncertainty in the global economy, we remain vigilant and focused on driving our business for continued growth and profitability. For the third quarter, we expect revenues to be in the range of \$5.85 [billion] to \$6.05 billion. Like last quarter, we are again assuming an FX lift of approximately 7%.

Now let's turn to the full fiscal year. We continue to target new bookings in the range of \$24 [billion] to \$26 billion. We also continue to expect our revenue growth to be in the range of 9 to 12% in local currency. We also continue to expect operating margin for the full year to be in the range of 12.8 to 13.1%. As you have seen, fluctuations quarter to quarter are expected.

We now expect our annual effective tax rate to be in the range of 28 to 30%. This includes the impact of the Q2 tax benefits, plus some additional tax benefits we anticipate.

We are raising our outlook for earnings per share for the fiscal year by \$0.19, to a range of \$2.55 to \$2.60. This is the second time we have raised our guidance during the fiscal year. This [range] continues to reflect our strong operational performance and also reflects the impact of our revised annual effective tax rate and our updated estimate on share count.

To complete the annual outlook for fiscal 2008, we now expect operating cash flow to be in the range of \$2.42 [billion] to \$2.62 billion, property and equipment additions to be \$420 million, and free cash flow to be in the range of \$2 [billion] to \$2.2 billion.

In summary, our second-quarter results reflect those of a strong business. We are navigating for continued growth and profitability. I am pleased that we continue to deliver well on our commitments for new bookings, revenue growth in local currency, operating margin and free cash flow, and that we're on track to deliver higher earnings per share than we had previously expected. Here's Bill to close before we take your questions.

Bill Green - Accenture - Chairman & CEO

Thank you, Pam. Let me recap quickly before we take your questions. First, we are very pleased with the performance in the second quarter, and we continue to build upon and extend our leadership position in the market. We had double-digit revenue growth in both U.S. dollars and local currency, and we delivered EPS of \$0.64. Our balance sheet is strong, we have demonstrated that we have a highly diversified and durable business and continue to see strong demand for our services despite economic uncertainty in some geographies or sectors.

I also want to mention that in addition to delivering strong results, we are taking important steps to build for the future — strengthening our pipeline, expanding our skills and capabilities, and creating new offerings that further differentiate Accenture in the marketplace. With that, let's take your questions.

Richard Clark - Accenture - Managing Director, Investor Relations

Thanks, Bill. Now we will go to your questions. Operator, would you provide the instructions for those on the call?

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QUESTION AND ANSWER

Operator

Absolutely. (OPERATOR INSTRUCTIONS). Our first question is from the line of Julio Quinteros with Goldman Sachs. Please go ahead.

Julio Quinteros - Goldman Sachs - Analyst

Just want to go back through it because I'm obviously excited about the bookings and everything that you're saying about forward trajectory, et cetera, but this quarter appears pretty messy on the operating margin front. So if you can just walk us back through the issues at the highest level, first from the income statement perspective, and then secondly, Steve, if you can give us the segment operating view again because it looked like there were some moving parts at the segment level. Want to make sure we understand what those parts were that lead to a little bit of the weakness on the operating margin this quarter.

Pam Craig - Accenture - CFO

I'll take the first part of that, Julio, then let Steve get into that, as you suggest. First of all, the operating margin in the second quarter is typically lower. Last year it was 11.8%, this year it's 11.4%, as I said, it was right in line with our expectations, actually. This year, if you look at the underlying margins, you saw the gross margins about flat. Margins in parts of our business are up, some down, but on balance relatively flat. Also, if you look at -- we had higher salary increases this year than we've been absorbing and we're on track to fully absorb those this year. And our utilization rate is 300 basis points lower. Again, something that we planned, given that we thought we were running a little hot last year, so on balance, I know you guys in your models were expecting higher operating margin this quarter, but we were not.

Julio Quinteros - Goldman Sachs - Analyst

Okay. And just on the salaries component, can you just break that out between on-site and maybe global delivery network salary increases, at least some ranges?

Pam Craig - Accenture - CFO

No, we don't generally do that, but they were higher this year.

Steve Rohleder - Accenture - COO

Julio, this is Steve. Let me just address this segment thing, because I think the one operating group I'd point to, and I think I pointed to it in the discussion, was Public Service. I think it's important to note, as I pointed out, we had what we call delivery inefficiencies, which means there's a few contracts that weren't meeting their original deal economics. We're in the process of restructuring those. But more importantly, we made a conscious decision a quarter ago to begin to invest in what we see as a higher volume of opportunities, primarily in the U.S., but also in our EALA?? organization and Public Service. So we're going to continue to invest, probably through the next two quarters in some early stage opportunities that we think are going to help that organization grow very profitably next year.

Julio Quinteros - Goldman Sachs - Analyst

Then I guess the last one, Steve, on the Financial Services, correct me if I'm wrong, I'm looking at about -- looks like a 10% operating margin in Financial Services versus 14 last quarter?

Steve Rohleder - Accenture - COO

10%?

Julio Quinteros - Goldman Sachs - Analyst

That's what it looks like from here. I might be looking at the wrong line. Sorry, that was actually 12 this year. Take that back. Thanks, guys.

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Operator

Thank you. Our next question is from Adam Frisch with UBS. Please go ahead.

Adam Frisch - UBS - Analyst

Thanks, guys. Great job on the bookings. Just building on Julio's question for a second, the operating margin definitely took us a little bit by surprise because last year you had some of the runoff of NHS in there. The tax rate was lower obviously, too. Pam, I think you said that operating margin for the year, the goal is still 12.8 to 13.1.

Pam Craig - Accenture - CFO

Correct.

Adam Frisch - UBS - Analyst

So if it's just a matter of this quarter being a little bit lower, but the full year being fine — you guys are running the business for the year, not the quarter, that's the way we should look at it — free cash flow was still the same as well, correct?

Pam Craig - Accenture - CFO

Yes to the first question. The free cash flow, we actually raised it a little from last quarter and we're back to where we started at the beginning of the year.

Adam Frisch - UBS - Analyst

Finally, when I use different ranges for your tax rate, maybe a better way -- let me back up a second. Of the \$0.19 increase in your EPS, how much of that is coming from lower taxes, and how much of that is coming from other sources, whether it be operational improvement, or share count, things like that?

Pam Craig - Accenture - CFO

Of the \$0.19, Adam, a substantial part is coming from the lower tax rate.

Adam Frisch - UBS - Analyst

Is it all coming from, or is there other stuff in there as well?

Pam Craig - Accenture - CFO

There's other sort of ins and outs. You have the share repurchases, the share counts affecting it, then the interest income is a little lower, so there's a lot ins and outs, but the predominant part is the effective tax rate.

Adam Frisch - UBS - Analyst

Okay, and then final question, maybe for Steve, are you seeing any delays or changes in the timing between when you book a consulting deal and when it's ultimately implemented, or is it a typical pace as you've seen in the past?

Steve Rohleder - Accenture - COO

Adam, it's actually pretty typical. We looked at that, and I thought you were going to ask the other question which was around delays, too, and we've looked at that two different ways, and we're not seeing delays either in the startup of either consulting or outsourcing contracts.

Adam Frisch - UBS - Analyst

Any big chunks in the 3.8, like related to outsourcing deals, or was it all kind or more of the same stuff?

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Steve Rohleder - Accenture - COO

It was pretty much the same. I look at the big wins that we've had over the quarter, and \$50 million and above, there was about a dozen of them. I think we're seeing the continued effect of smaller-size deals that we've talked about in prior quarters.

Adam Frisch - UBS - Analyst

But no anomaly like the NHS from a few years ago, where it was several hundred million or something like that?

Steve Rohleder - Accenture - COO

No, none.

Adam Frisch - UBS - Analyst

Awesome, guys. Thanks again.

Operator

Our next question is from Rod Bourgeois with Bernstein.

Rod Bourgeois - Sanford Bernstein - Analyst

Overall looks good, let me try to focus in on a few things here. The consulting bookings, particularly, looked very strong relative to the expectation, and you actually had a fairly tough comparison there. So now looking forward, though, with the bookings outlook, should the consulting bookings mix drop in upcoming quarters, and if so, will that be due to the consulting bookings slowing, or will that be due to the outsourcing bookings picture actually getting stronger? Can you give any specifics on that front?

Bill Green - Accenture - Chairman & CEO

This is Bill. Sitting here looking at the pipeline, it's pretty rich on both dimensions. It's hard to tell, and as you know, like a couple of big outsourcing things come in and can change the booking percentages pretty dramatically. I think on balance, we're pretty consistent with where we've been and where we will continue to be. I would tell that you that across the market there is some acceleration and people focused on that outsourcing, but of course, the outsourcing things, it's not like they get up this morning and say, I want to do it, and six months later you're doing it, some of them take a year to get through, and so there's tremendous activity around that, some of which is driven by sort of people's challenges around the cost management, but other is just driven by the fact that that's a part of the business that has some legs and it continues to. We're not really looking too much at the mix percent and what goes where, because every operating group has a different mix and a different profile. When you put them together, you get a composite, and the thing can change a few percentage points quarter to quarter.

Rod Bourgeois - Sanford Bernstein - Analyst

Bill, let me follow up on that. If you were to see a shift away from consulting and towards outsourcing, I mean that could affect your margin profile. But it sounds like from your commentary if there is a shift it's not a major one, because it's not really affecting your financial outlook. Is that the way to look at what's happening right now?

Bill Green - Accenture - Chairman & CEO

If you start at the end and back in, start at our financial outlook for the year and back up, we don't see it having an impact on our financial outlook for the year. When you get into a particular operating group, it could change the dynamics within one operating group or another, but the ones that have accelerated in consulting, and if you look at the pipeline and the demand and the activity, the consulting stuff remains strong. So we're pretty focused, and we do a lot of modeling around the mix. But right now, frankly, we're pretty relaxed about where it is. I guess I'd also say that we go out there and make this stuff happen. In terms of what we've asked our teams to do, it's to keep equal pressure on all three of our growth platforms, so it's not to be biased towards one or the other, because it's important to us. I guess the other thing I'd point out is inside some of those outsourcing deals are nice pieces of consulting work. You may not see that in the mix that much, but it's an important element of the economics of the deal across the whole business.

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Rod Bourgeois - Sanford Bernstein - Analyst

Here's the question I'm trying to get at on this, is, do we need to recalibrate expectations a little bit? You're posting north of 20% consulting bookings growth. Is that as good as it gets right now, and should we be expecting something that's solid in upcoming quarters but not north of 20%? I'm just trying to properly calibrate expectations for the next few quarters given what is happening in the economy.

Bill Green - Accenture - Chairman & CEO

I guess I would say this. We weren't surprised at the consulting results this quarter because we've been looking at them coming, and we think we're going to be pretty consistent. Can it go up or down a couple of points? Sure, it can. But on balance, if you look at where the demand is coming from, the nature of the work, some of the things that Steve went through, those sources of demand, which is consulting demand, continue to be as good today as they were three months ago or six months ago or nine months ago. So that's kind of our data point, and we keep asking the questions that you do, right? Like what would we look at to see if something was starting to slow down? Frankly, we just did a state of the business call yesterday across our entire organization, and we feel fairly bullish about the environment we're operating in.

Rod Bourgeois - Sanford Bernstein - Analyst

Great, and a quick one for Pam. Pam, last quarter, the free cash flow guidance came down because of a one-time item, and now you're reinstating that back up. Where is the cash flow guidance improvement coming from? Is it related to DSOs or something else?

Pam Craig - Accenture - CFO

Yes, we thought the DSO performance this quarter was very strong, so we've factored that in a bit, as well as we're forecasting lower cash tax payments.

Rod Bourgeois - Sanford Bernstein - Analyst

Got it. Thank you, guys.

Operator

Our next question is from Andrew Steiner with Bear Stearns. Please go ahead.

Andrew Steiner - Bear Stearns - Analyst

Hi. It's Andrew. Pam, could you give us some color under the surface on gross margins? Obviously they're close to even; could you just call out some of the puts and takes in there?

Pam Craig - Accenture - CFO

As I mentioned earlier, Andrew, I think that gross margins are relatively flat, and the underlying margins are as well. And as we look at all the different parts of our business and different parts of the world, there's some things that are up and some things that are slightly down, and really, overall they're flat. And as I said before also, if you look at absorbing the payroll increases this, year that's something that we do all year long and we're on track to fully do that, as well as handle the lower utilization.

Andrew Steiner - Bear Stearns - Analyst

Sure. Sounds good. Could you just give a little more color on sales and marketing? I know you went through it quickly. Are we going to stay at this sales and marketing level or is there something of a leveling off hereafter? What's driving that? How long it will stay at this level?

Steve Rohleder - Accenture - COO

Hi Andrew, it's Steve. I'll give you a little color there. We've consciously decided not only in Public Service but some of the other OGs to spend a little more on the S part. On the G&A part, I can assure you we're going to continue to focus on driving that cost down. As Pam mentioned, we were down 10 basis points for the quarter. So we've still got programs underway. We've got some specific targets that we're focused on. We are going to continue to drive that down over the next two quarters.

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Andrew Steinerman - Bear Stearns - Analyst

Fair enough. Thank you so much.

Pam Craig - Accenture - CFO

Thank you.

Operator

And our next question is from Ed Caso with Wachovia. Please go ahead.

Ed Caso - Wachovia Securities - Analyst

Hi, thank you. I believe if I counted correctly, you did five small acquisitions that closed in the second fiscal quarter. How much did they contribute and what's that impact? What's organic versus local currency growth?

Pam Craig - Accenture - CFO

Sure. Hi, Ed. We actually did four in the quarter. And if you look at the handful that we've done over the past year, just look at what's been the contribution of the last four quarters of the new acquisitions just in comparison to the last year, it's still less than 1% of our revenue growth rate.

Ed Caso - Wachovia Securities - Analyst

Any word on pricing? Seems like you were more positive tone in pricing in recent quarters. Is that still holding?

Steve Rohleder - Accenture - COO

Yes, Ed, it's stabilized. This is Steve. There's still pockets that we're focused on, on trying to drive pricing, primarily in Europe. I'm really pleased with the North America progress that we made in this quarter, but I'd characterize it as stable right now.

Operator

Our next question is from Moshe Katri with Cowen & Company. Please go ahead.

Moshe Katri - Cowen & Co - Analyst

Congratulations for very strong bookings. I want to focus for a minute on your consulting and SI business. Do you attribute the strong results that we've seen, whether it's on the revenue growth side or the booking side to -- obviously could it be market share gains, increases in win rates, vendor consolidation that's going on, or maybe you're actually able to sell a larger portion of what we call offshore-like services. Is there any way to kind of give us the, and prioritize these different factors that's helping you coming out with these strong numbers.

Bill Green - Accenture - Chairman, CEO

This is Bill. I will start. The prioritization would probably be impossible. It's something I suppose could route around and do. I think if you stand back and look at it, it's in many cases all of the above. Maybe the first and most important is making sure that we're out there with offerings that are relevant to the market demand today. So in some of the sectors that are more challenged than others, we're bringing different capabilities to the market than we were six or 12 months ago. I think the second thing is there's definitely a flight to quality. People are looking hard at their, I guess whether your consolidation point on vendors, but people are looking at two things. One is the quality of the provider. And the second is this thing that you guys are always focused on, and is this a must do? And I think we play in the must-do space, so for the money that's available, the things that we're involved with are continuing to go, and we still sit here without cancellations or deferrals as we did last quarter. So that's important. I think the other thing is because of the uncertainty, and some of this is what shows up in our sales costs, because of the uncertainty, we don't just sit here and see what happens, we dial it up. So we've been out there pushing, what we call catalysing demand, creating our own demand. We know how to do that and it's something we're focused on. One of the byproducts is that some of the operating groups are now saying they're not going to have enough capability to deliver, so that's what we all do to just keep the balance between supply and demand. I

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think on balance we're selling the right stuff to the right clients, and it's relevant to what they're trying to do to improve their business performance, and all that works in our favor.

Moshe Katri - Cowen & Co - Analyst

Steve, you want to pick up?

Steve Rohleder - Accenture - COO

The only thing I would add to what Bill said is that the relationships that we have are really contributing to the bookings growth. If I look at where our growth came from in terms of the bookings and the results, well over 80% of the bookings come from what we call foundation clients. And that's really important because it means we have a relationship, a long-term relationship with that client, we're able to go in, shape an opportunity to drive business results, and convince them to contract with us to deliver those results. I was in India about a month ago and I told the group there, Moshe, I said, look, we're not sitting by the phone waiting for the phone to ring, waiting for the opportunities. We're out there creating them. And the fact that we have this incredible client base with deep, deep relationships helps to us shape business opportunities and to drive them to results, so I think it's a major contributor as well.

Moshe Katri - Cowen & Co - Analyst

Another very brief question regarding margins. Pam, was there a greater bonus accrual during the quarter that impacted gross margin? Then is there any way to quantify the impact of some of these, I guess, contracts or small problem contracts that you spoke about in the public sector side, maybe in basis points in terms of the impact on margins? Thanks.

Pam Craig - Accenture - CFO

I'll take the bonus part of that. As you know, we don't comment on annual bonus. I will tell you that we did accrue some, but I'm not going to say anything more about that.

Moshe Katri - Cowen & Co - Analyst

O.k. Can we comment on some of the contracts in the public sector side?

Steve Rohleder - Accenture - COO

Yes, I mean, again, we don't talk specifically about any of the individual contracts, Moshe. Again, I just reiterate that the contracts that we have weren't performing to their original deal economics. We're in the process of restructuring them and we took that into account in our results. More importantly, we've taken into account in our estimates going forward.

Moshe Katri - Cowen & Co - Analyst

Thank you.

Bill Green - Accenture - Chairman, CEO

I'd just add to that if I could, that three-quarters ago, CHT had a couple of rough quarters, and we beared down on that, and that thing is cranking right now, and so, Public Service had a rough quarter this quarter, we saw it coming, we got a series of things underway, but we also see great opportunities in the pipeline, particularly in U.S. federal, big ones, things that we know how to do, things that we have great credentials for, so we're investing in those. And as with everything, particularly in an election year, you're not sure if it's tomorrow or a year from tomorrow, but at the end of the day, these are things that Accenture should be doing. That's what we're focused on.

Operator

We'll go now to Bryan Keane with Credit Suisse. Please go ahead.

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Bryan Keane - Credit Suisse - Analyst

Let me hit the margin questions again. Yeah, I'm going to go after it again, at a different angle. Margins were down 40 basis points year-over-year, yet you're still expecting this 10 to 40 basis points of margin increase for the fiscal year. So that means we're going to have strong second half '08, but it sounds like the Government margin, or the Public Service margin will stay depressed, so I guess to help us for the color, where is that margin expansion come from, and in what area?

Pam Craig - Accenture - CFO

Well, you're right, and doing the math, we will have, we expect to have a higher operating margin in the last two quarters. And we don't necessarily expect that the Public Service operating group will stay depressed, in that on those contracts that Steve talked about, we have adjusted those economics, and that's reflected already.

Bryan Keane - Credit Suisse - Analyst

So going forward we'll get back to more normalized in the government sector?

Steve Rohleder - Accenture - COO

We are going to continue to invest in the sales part. I would say we may see a slight depression, but we're not going to see anywhere near the level that we saw this quarter.

Bryan Keane - Credit Suisse - Analyst

Okay. And then, Steve, on consulting bookings, obviously, beating our expectations. Is the surprise maybe coming from management consulting, tech consulting, or systems integration, is there any area of extra strength?

Steve Rohleder - Accenture - COO

The ERP area is still pretty strong for us. I mentioned a few areas of management consulting. I focused on supply chain, we're having a lot of activity and action in that area as clients begin to shift now toward more of a cost reduction agenda, right? I also think the technology consulting area is still very strong, specifically in data center consolidation and in the security areas for us. So the SI space, if I had to weigh it all, is still very strong for us, Bryan.

Bryan Keane - Credit Suisse - Analyst

What about if we start to see some weakness in the ERP vendors like Oracle and SAP? How do you think that will affect your business?

Steve Rohleder - Accenture - COO

Well I think, I'll give you my personal opinion, is the ERP work that we're doing is not discretionary, just full stop. If I could just describe...the representative ERP project is a client trying to rationalize one version of either Oracle or SAP across multiple business units in multiple countries, over multiple years. And whether Oracle or SAP are selling licenses I think doesn't impact necessarily the work that we do because clients have a different agenda.

Bryan Keane - Credit Suisse - Analyst

Then just finally, Bill, just the health of your diamond clients, three months later from the last conference call, have you seen a lot of change?

Bill Green - Accenture - Chairman, CEO

I think on balance we have diamonds that don't know there's any challenge out there, that these are just great businesses. In fact, some of the world's greatest businesses. Then we've got some from your sector that are having a rough ride. I think on balance, we continue to expand our presence on the diamonds, as we have over the years, and we have a very specific program to do what we call bring the best of Accenture to these companies. And what the economic challenges do really only is allow to us introduce different services than we might have been providing in the past. So we continue to add, I think we're going add three diamonds in the next quarter, so we continue to add to companies that are in there, and

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we're just delighted with it. They're really important parts of how we keep doing what we're doing and how we bring new innovations to the table.

Bryan Keane - Credit Suisse - Analyst

Okay. Congratulations. I think you guys continue to surprise everybody with the strong results.

Bill Green - Accenture - Chairman, CEO

Thank you.

Pam Craig - Accenture - CFO

Thank you, Brian.

Operator

And our next question is from Elizabeth Buckley with Arete Research. Please go ahead.

Elizabeth Buckley - Arete Research - Analyst

Good afternoon. We see a number of vendors that speak of rising demand for offshore as a way for CIOs to cut IT costs. I'm wondering what are you seeing in your business in terms of offshore demand, perhaps by vertical or by geography, and could we see an acceleration of the ramp of the GDN, and it looked like the sequential ramp between Q1 and Q2 was a bit slower than we've seen in the past?

Steve Rohleder - Accenture - COO

Yes, Elizabeth, this is Steve. I'll comment on the demand there. We did see a shift, frankly, in the utilization, if you will, of our India resources specifically. We're seeing a slight shift in the demand for offshore resources. I would tell you that our headcount utilization numbers are up in India and they're up specifically because in the first quarter we made a conscious decision to build a bench to train more people. We're now soaking up that utilization, but doesn't require us to necessarily go into the market and hire more heads. We're basically getting the people that we have more productive. So I'm still comfortable with the growth trajectory that we have for the Global Delivery Network. As I said in my comments, I believe that this network is second to none in its footprint, in the capabilities that we have, and in our ability to move work throughout the network regardless of where demand comes from.

Bill Green - Accenture - Chairman, CEO

I would just add to what Steve said. We believe we have the largest network. We also believe we have the most productive. I think we really turned the dials up on that this last quarter and we still have some more room to go there in terms of how do you drive results out of X amount of dollars or X amount of people. I think back to your first question, all the companies out there are looking for value for money, and having an offshore capability gets you to the table. But when you look at what the real value for money equation, it's not just a labor arbitrage thing. In fact, it becomes sometimes less of a labor arbitrage thing. It becomes more of a transformation-of-IT challenge, and that's where our technology consulting and some of the acceleration you see in the consulting business is all from that, right, as people trying to get better value for money through transformation of their IT environment. That's a market that's right in our sweet spot.

Elizabeth Buckley - Arete Research - Analyst

That leads into my second question. Obviously as you look in the pipeline as the transformational projects, the must-do projects that you're talking about, could we even in some cases see the tighter spending or more difficult environment accelerating or shortening sales cycles for the transformational work? Perhaps if you could comment a bit about the transformational demand that you're seeing sector by sector.

Bill Green - Accenture - Chairman, CEO

Yes, I think if you look broadly, the theme is a horizontal one. It's not a sector by sector one. There are certainly sectors that have a lot more challenges than others. But as we all know, just from being consumers, that this thing sort of gets in the water system, right. You're always looking around the corner to see is something going to sneak up on me. So all the companies out there are just asking themselves, how can I be

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more effective? And so the transformational agenda, whether it's in financial services where you would expect it, and it's obvious, but it's the same in high tech, the same in telecom, the same in consumer products, in all these places. So at the end of the day, the demand is consistent with how it's been the last few years. I would say there's an acceleration. People ask a lot about IT budgets. We haven't seen an impact on IT budgets, but what we have seen is people having a sharper focus on value for money. And a lot of times that drives the transformation agenda. Our job is to make sure that we're bringing the right offerings and solutions to the table to do that. Some of that we leverage the Global Delivery network, but a lot of it is just about how do you do what you do right here at home base.

Elizabeth Buckley - Arete Research - Analyst

Okay, thank you.

Operator

And our next question is from George Price with Stifel Nicolaus. Please go ahead.

George Price - Stifel Nicolaus - Analyst

Thanks very much. A lot of good questions have been asked. If I could focus for one on EMEA. Europe constant currency was 9% versus America's 10%, I think over the last year, really. This is within the last year the first time that the Americas has outpaced EMEA. Maybe you could talk about that a little bit more. And when you mentioned France and Spain being strong I don't think you mentioned much about the U.K., which is roughly 15 to 16% of your revenue. If you could talk about that a little bit.

Steve Rohleder - Accenture - COO

Yes, this is Steve. I did mention the major countries. There's two areas that we are focused on, the U.K. and Germany, that had a little bit slower growth this quarter. I don't think it's systemic, and I will just point that out because every month I'm doing reviews with the head of our U.K. business. In Financial Services in the U.K., we had some financial adjustments that we made that impacted the quarter for that country but at the end of the day I'm not worried about the business in the U.K. We have demand. And I would anchor back to something that Bill said. If you look at Communications & High Tech, which is just going crazy across the globe, the U.K. and specifically EMEA is one of the real shining stars of the results for Q2 here. There's always areas that we can be improving in. This was one quarter that they were off a little bit, but I expect them to be back.

George Price - Stifel Nicolaus - Analyst

Okay. And then just kind of jumping back to -- well, going along the geographic line there, in terms of your mix, particularly of consulting bookings, is that changing at all in terms of geographies or verticals? I guess Financial Services might be kind of obvious, but maybe along other lines?

Steve Rohleder - Accenture - COO

Yes, George, I think that the two verticals I point to that are beginning to shift more toward the outsourcing area are both Financial Services, we commented on, and Products, where we're also seeing some stronger demand there. Public Service, Resources, and Communications & High Tech has been there for a little while, but both Public Service and Resources are still primarily focused in the consulting area. The Financial Services and the --

Pam Craig - Accenture - CFO

Products.

Steve Rohleder - Accenture - COO

Products, thank you, are both transitioning more towards outsourcing, and specifically in the United States.

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George Price - Stifel Nicolaus - Analyst

Last question if I could. I know -- I realize this is a little narrow, but given some of the fairly extreme headlines recently, particularly in financial services, with a couple of notable names, have you noticed anything going on thus far post quarter close, in March, specifically with respect to consulting demand? Is the pipeline -- are there elements shifting or bouncing around in the pipeline? Thank you.

Bill Green - Accenture - Chairman, CEO

This is Bill. I'd say, I talk to all these guys in these companies. I think that it's interesting that if you look at sort of the mental look -- people recognize, they got a part of their business that has challenges. They got parts of their business that are great -- people get up every day and still say they got to operate the thing. People are spending money. People are making investments. They're trying to do smart things, they're trying to do thoughtful things. I think a few levels down in these companies the decision makers are trying to do stuff that really matters for their company. But there's lots of opportunities, because the challenges create opportunities. The question is can you shift your offerings and do you have the right people and the right talent available at the right time? And I would say, particularly in financial services, they say bring the guys in here that are going to do this, I want to see them, I want to talk to them, I want to touch them and feel them. And if you can do that, you can start tomorrow on some of the things that can really help these guys. I'd also just like to mention the EMEA point, because we feel great about the momentum over there. For instance, in this last quarter, there's a thing in the industry called win-backs. And win-backs are when something we lost three months or six months ago, because -- or we walked because we weren't going to meet economics or we weren't going to meet some terms, so they've gone into contracting process with one of our competitors, and we've had three or four of these things fairly, significant size come, back to us this quarter. And that stuff will turn into revenue over the next couple of quarters, and so we feel great about EMEA and our market position there, and I think if that economy continues to get -- or gets more challenged, I think it will bring more business our way, not less.

George Price - Stifel Nicolaus - Analyst

Great. Appreciate the commentary.

Operator

We'll go next to the line of Tim Fox with Deutsche Bank. Please go ahead.

Tim Fox - Deutsche Bank - Analyst

Thank you. Good afternoon. Question, Steve, you talked a little earlier about deal sizes and overall deal sizes maybe shrinking a bit. The question I have is around the outlook for bookings. You've maintained that outlook. Just wonder if you could comment on overall duration of contracts. We've heard there's been some slight narrowing of scope, not necessarily with Accenture's business, but generally in the overall outsourcing space in particular. Do you see any risk at all to the bookings, from a shrinking of deal sizes, a shortening of durations, or have we sort of bottomed there, in your view?

Steve Rohleder - Accenture - COO

I think we've stabilized. And I would characterize it that way, because just to be real clear here, we've not seen any further reduction of the contract duration. So I would characterize it as stabilizing from Q1 to Q2 as well. And so I look at that, but I also look at the conversion rate, and I look at the time that it takes us to get to contract, and that last metric is really important, because that gives you a sense of whether or not we're seeing delays or cancellations in potential work. And we're just not seeing that right now.

Tim Fox - Deutsche Bank - Analyst

And that's -- that delays and cancellations, that's spread across all verticals equally?

Steve Rohleder - Accenture - COO

Correct.

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Tim Fox - Deutsche Bank - Analyst

Helpful. Secondly, Comms & High Tech, CHT, has been, as you said, on fire. Just wondering if you could talk about what specific changes did you make to the business, given the weakness it had a few quarters back and notable high-tech companies are softening a bit now, but can you comment a little just on the pipeline there? It sounds like it still remains fairly strong in EMEA.

Bill Green - Accenture - Chairman, CEO

This is Bill. If you look at our CHT operating group, the telecom piece is the star. Electronics & High Tech — semiconductors, consumer electronics, all the gizmo guys — that's pretty stable. It's good business and it's stable. But in the telecom thing, or cable broadly, and telecom, there's lots of opportunities. I think number one is the big customer service stuff that Steve mentioned. We've gotten tons of new engagements on how do you serve -- how do you provide the bundle and how do you serve customers and bill and collect for the bundle? So that's an important thing. In the cable space, they're all looking to expand their content and their offerings. There's a lot of work in that space. And then frankly, there's still, particularly in Europe, new companies coming on-line, either in mobile or in long-line communication, that have really nothing, that are doing cold starts in central Europe and across Europe, are trying to move to a more pan-European strategy, and as a result, there's a lot of activity around the ability to go in and do the BSS and OSS kind of industrial-strength bulletproof systems that allow telecom companies to not only operate their networks but serve their customers and bill and collect for it. So it's really the bread-and-butter kind of work of telecommunications. There's the sexy and sizzle stuff, which is all about content, but as a percentage of the volume, it's probably 20%. The 80% is around very traditional billing, collection and service-management stuff.

Tim Fox - Deutsche Bank - Analyst

That's helpful. Thank you.

Operator

And thank you. Our next question is from Tien-tsin Huang with JPMorgan. Please go ahead.

Tien-tsin Huang - JPMorgan - Analyst

Couple quick questions. First in government, the weakness there, was that related to a particular type of outsourcing engagement? Curious if there's any commonality there.

Steve Rohleder - Accenture - COO

No, there wasn't, Tien-Tsin.

Tien-tsin Huang - JPMorgan - Analyst

How quickly can this be resolved?

Steve Rohleder - Accenture - COO

We've resolved the three contracts basically.

Tien-tsin Huang - JPMorgan - Analyst

Okay. So mostly behind us then. Then on the variable comp, I'm not looking for any particular numbers here, just curious how is the variable comp typically split between SG&A and cost of service?

Pam Craig - Accenture - CFO

The annual bonus, and it's based on where the people are. So most of it goes to cost of services.

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Tien-tsin Huang - JPMorgan - Analyst

Most is on the cost of service line, and we've seen gross margin relatively flat. That's all I had. Thanks.

Richard Clark - Accenture - Managing Director, Investor Relations

Thanks, Tien-Tsin.

Operator

And thank you. Our next question is from Karl Keirstead] with Kaufman Brothers. Please go ahead.

Karl Keirstead - Kaufman Brothers - Analyst

Good afternoon. Thanks for squeezing in. I had a question for Steve. I think in your prepared comments you mentioned that the outsourcing revenue growth rate may slow in the next couple of quarters. First of all, could you give some parameters around how quickly it might slow, and secondly, if you could explain that a little bit more; I think the story so far is that the annualized revenues on the outsourcing contracts have gone up of late. Is that story changing? Did you see fewer extensions? If you could give a little color. Thank you.

Steve Rohleder - Accenture - COO

Yes, just to give you some context, Karl, I think it's important, if you understand the outsourcing business, about two or three quarters ago, we really undertook some very specific actions to look at the pipeline and be a little bit more selective, focusing on deal shapes that delivered not only results but were also profitable. And we were much more selective, specifically in the AHRS area, but we've been selective across the portfolio. We're now at a point before we've reshaped some of those deals. We're seeing an increase in the pipeline, and frankly I just wanted to highlight the fact that that dip in bookings and sales two or three quarters ago is going to play out over the next quarter or so in terms of revenue. I also wanted to make sure that I was very clear that we're still up-beat and positive on the pipeline and the level of opportunities that we have in the outsourcing portfolio, specifically in application outsourcing and in the BPO area.

Karl Keirstead - Kaufman Brothers - Analyst

Okay. Thank you. Then if I could ask one question to Pam. Pam, just given that the taxes came in so much lower and you've given us some guidance for the full fiscal year '08, this might be an occasion, as we get later in the fiscal year, to be thinking about fiscal '09. Can you give us some help in terms of what an appropriate tax assumption might be?

Pam Craig - Accenture - CFO

Well, we're just doing our -- starting our planning for '09 now, and so I will be in a position probably after the fourth quarter to provide that for you.

Karl Keirstead - Kaufman Brothers - Analyst

Okay, thank you.

Richard Clark - Accenture - Managing Director, Investor Relations

Operator, we have time for one more question.

Operator

Very good. We'll go next to the line of Ashwin Shirvaikar with Citi. Please go ahead.

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Ashwin Shirvaikar - Citigroup - Analyst

Congratulations on the nice demand metrics. The question I have is just going back one more time to the delivery inefficiencies. The question is, why do you have these in spite of the contract oversight changes that you put in after NHS? I know the impact is sort of behind us, but from a process standpoint, did the changes you put in post-NHS not work?

Bill Green - Accenture - Chairman, CEO

No. This is Bill. Let me answer that, because I sort of live and breathe this stuff. No, I mean -- I'm just sort of chuckling to myself because we aren't having any more things that look like NHS. We do thousands of projects, right, and we do really hard, complex stuff, and some of it is pioneering in nature, things that people have never done before. And so to have out of thousands of projects two or three of them that go tilt is not out of the ordinary. The fact is, they intersected in Public Service, they intersected at the same time, and so we needed to go in, get them restructured, intervene on them, get them right, and get behind it.

And, frankly, we do it routinely. I think what you saw is just the intersection of timing and in one operating group. So needless to say, Public Service has been getting a little help from us around the place, but it isn't any bigger than that. These are things that some of them wouldn't even have made it to our capital committee, but they're just about really hard, complex things that you estimate to the best of your ability, they're fixed-price in nature, and as you start executing, something doesn't go the way you want it, and that's just sort of life in the nature of the work we do every day. These things are no different than anything we tackle anywhere around the world.

Ashwin Shirvaikar - Citigroup - Analyst

So cumulatively it was big enough to call out, but if you had had just one, maybe it wouldn't have been?

Bill Green - Accenture - Chairman, CEO

There's always something that you're intervening on to make sure you're getting it right. They just happened to all intersect at the same time in the same place, and, you know, unfortunately it hit our smallest operating group. If they had been in a different operating group, they might have been a rounding error. But they intersected with Public Service, and as a result, you can't help but not see them on the results.

Ashwin Shirvaikar - Citigroup - Analyst

One quick question on the full-year share count that you're assuming. You might have said it...I might have missed it.

Pam Craig - Accenture - CFO

We don't generally provide that. You can expect that it will go down modestly.

Ashwin Shirvaikar - Citigroup - Analyst

Okay. So going back to that \$0.19, be fair to say about \$0.15, \$0.16 is from lower taxes, and the rest buyback?

Pam Craig - Accenture - CFO

Again, I didn't quantify it. I said the predominant amount was from the taxes.

Ashwin Shirvaikar - Citigroup - Analyst

Okay. Thanks.

Richard Clark - Accenture - Managing Director IR

Bill?

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Bill Green - Accenture – Chairman & CEO

Let me just wrap up. I appreciate you guys sticking with us. I'm glad we got a chance to get to a lot of questions today.

Just in closing, first I'd say that we are particularly pleased with the momentum in our business as we enter the second half of the year. While we continue to keep a very close eye on global economic trends, a very close eye, demand for our services remains strong, and we see tremendous opportunities to serve our clients. In short, we have built a global company that is durable, differentiated, and diverse. And we are focused on maintaining strong operating discipline and running it. We continue to benefit from our long-term client relationships and from our highly skilled and dedicated team. Our people are committed to winning and to raising the bar in terms of helping our clients achieve and sustain high performance.

Let me make one final comment. I understand that it is difficult to see the real strength and potential of an enterprise in these times. If you step back and look at us, you can see not only that we are operating extremely well, but that we're focused on building an even stronger and more successful Accenture for the future and on delivering exceptional long-term value on behalf of our shareholders. So thank you very much for joining us today. We, as always, appreciate your continued support.

Operator

And ladies and gentlemen, today's conference call has been recorded and is being made available for replay starting today at 7:00 p.m. in the eastern time zone and running for two weeks until Thursday, April 10th. You can access our service by dialing 1-800-475-6701, or 320-365-3844, and at the voice prompt, enter today's conference access code, 914987. That does conclude our conference call for today. Thank you for your participation. You may now disconnect.

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