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EDITED TRANSCRIPT

Accenture Investor & Analyst Conference 2015

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PRESENTATION

Unidentified Company Representative

Ladies and gentlemen, please welcome Managing Director, head of Investor Relations KC McClure.

KC McClure - Accenture - Managing Director, Head of IR

Good morning. I'm KC McClure, head of Investor Relations. And it's my pleasure to welcome you here this morning, both to those of you here in the room and those of you who are joining us on the audiocast.

The theme of this year's conference is "Leading in the New." We have an excellent agenda lined up for you this morning. And I'm happy to say that we have some of our top leaders here to take you through it.

But let me remind you first that some of the matters that we will discuss in today's conference, including our business outlook, constitute forward-looking statements and as such are subject to both known and unknown risks and uncertainties, including but not limited to those factors set forth in our risk factors section of our annual report on Form 10-K and quarterly reports on Form 10-Q and other documents filed with or furnished to the SEC. These risks and uncertainties could cause actual results to differ materially from those expressed or implied in the presentations and are not a guarantee of our future performance. As always, Accenture assumes no obligation to update any statements made in these presentations.

I would also like to remind you that we will not be providing you with an update for or making comments relating to our first quarter of fiscal 2016. Also note, you will be able to find all materials from today's session including a reconciliation of non-GAAP measures posted to the IR section of our website.

So once again thank you for joining us today. And it is now my pleasure to introduce our Chairman and Chief Executive Officer, Pierre Nanterme.

Pierre Nanterme - Accenture - Chairman & CEO

Thank you, KC, and good morning everybody. I'm just delighted to welcome you here in New York for our Investor & Analyst Conference. And I hope and I'm sure that this is going to be extremely insightful and fruitful for all of you.

I want as well to welcome those of you who are joining via the audiocast as well. This is the new format we set up last year and it has been very good as well. So more people will be able to hear from us around the world.

I'm also very pleased to have with us Marge Magner, our lead independent director of the Accenture Board. Thanks a lot to Marge for being with us. And thanks for your support.

Our theme today is "Leading in the New" and I love it. I love it because not only I worked on it, so I'm very pleased with this brilliant idea, but I guess it means a lot.

It means a lot about what's happening in the marketplace, the new and it means a lot about what we at Accenture are aiming to do. And what is our goal is to lead in this brand-new environment which is forming in front of us and we're trying to shape with our clients.

And I'm very pleased that I'm joined with several members of Accenture's leadership who will bring this thing to life for you today. And I'm sure you will see how much they are on top of their game.

What it is we're going to do this morning, we are going to share an update on the actions we have taken and the investments we have made to rotate our business to the new high-growth areas in the context of making Accenture even more relevant to our clients, differentiated vis-a-vis our competitors and competitive in the marketplace, gaining market share and delivering value for clients and all our stakeholders including our shareholders.

But let me start by sharing with you a few highlights from fiscal year 2015. And of course, needless to say that, without any arrogance, I'm extremely pleased. I'm extremely pleased with our financial performance.



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And three achievements in particular stand out for me. New bookings, our strong new bookings of \$34.4 billion demonstrate that our services are both highly differentiated in the marketplace and definitely resonating with the needs of our clients.

Revenues, with 11% local currency revenue growth, we significantly outpaced the market. Again bear in mind that we evaluate the market, based on David Rowland and all our analysis, around 4%. Significantly outpaced the market and gained substantial market share.

And operating margin, we delivered 20 basis points of operating margin expansion and we are pleased with that. But as important, even more important, we've been doing that while continuing to make significant investments in our business.

If I'm turning now to our geographies, I'm delighted as well that we delivered double-digit growth in local currency in all our three geographic regions. Starting with North America, we delivered double-digit growth in the United States, and the United States is our largest market. The U.S. continues to perform extremely well at Accenture with double-digit growth in four of the last five years, and the only year where we didn't post double-digit growth it was high single digit. And we are now positioned in the U.S. as the market leader in that market.

In Europe we delivered strong growth in many of our largest markets, including UK, Italy, France, Germany, Spain and the Netherlands. You know that all these markets are very important and very big for Accenture.

And finally in our Growth Markets, I was very pleased with our performance, continued performance in both Japan and Australia. So it's not the story of this year, there is continuity of performance in these two markets, with Brazil coming back strong in fiscal year 2015.

And for us this is very important to have this balanced growth across our geographic regions. Because this geographic diversity creates resilience and durability in our business. And we believe that it is especially important at a time where the global economic environment, and I will not elaborate on this, you know what's happening, remains extremely volatile and uncertain to say the least.

So by any measure we delivered an excellent year. We created very strong momentum in our business and we are well positioned as we enter fiscal year 2016. And you will hear more from David Rowland in a few minutes, or at the backend of this morning.

But now let's turn to what we mean by the new. And I hope you are intrigued by this headline leading in the new and how Accenture is positioned to lead in this new.

There is no doubt that we are in the middle of a technology revolution that is touching, this is what's incredible, virtually every client in every industry and every country around the world. This is not the story of the U.S. versus Europe or Growth Markets. This is not the story of the B2C industries versus the B2B industry.

It's really across the board we see this technology revolution, digitally enabled. And all our clients are facing massive disruption in their businesses and their agenda of course is rapidly pivoting to digital. Our goal is, simply said, to enable our clients, to be the digital disruptors and not the disrupted. And to do this we have made significant investments we will share with you today, ahead of the curve, to take a first mover advantage in what we are calling the new.

So what is the new? For us it is the combination of first, digital-related services; second, cloud-related services; and third, security-related services. All of them enabled by new and innovative technologies. And this is this new world we're going to describe and share with you this morning.

Digital is all about enabling our clients to unleash the power of digital technologies to create new sources of value. You will hear more in a few minutes.

Cloud is important because it's increasingly becoming a starting point for clients who want to create new services faster and get access to highly cost-effective computing capabilities.

And finally security, in this increasingly digital and connected world, again, needless to say that security and especially cyber security has never been more important for our clients.

So put together digital, cloud and security-related services now represent about \$10 billion of our revenues.

I am going to pause a bit here, because I think it's an impressive number when you look at it. About a third of the Accenture revenues, they are now about what we're calling the new. \$10 billion of our revenues, further demonstrating that we are successfully rotating our business to the new at speed. You have seen the growth we posted in the digital-related services in fiscal year 2015 and at an amazing scale at the level of Accenture globally as well.



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And to ensure that we are even more relevant to our clients, we have at the same time we are rotating to the new, we have transformed Accenture in quite a profound way aligning our organization around five businesses. And these five businesses are highly competitive in their own rights. And you will hear from all the leaders what they are planning to do in the context of competing in their different businesses, and synergistic in delivering end-to-end solutions for our clients. Because this is what is making the magic of Accenture, if you will, is to have five businesses as good as they get, and the unique ability to combine, to integrate these different capabilities to deliver highly transformational programs.

So let me take you through each of our businesses quite rapidly. Accenture Strategy is a unique capability today, focused on strategy at the intersection of business and technology. And now we have more than 8,000 strategy practitioners in Accenture Strategy.

Accenture Consulting, you will hear about as well, is where nearly 40,000 industry experts working in what we are calling our operating groups leverage their industry insights and industry capabilities to drive the business transformation for clients every day.

Accenture Digital combines in quite a unique way our market leading capabilities in interactive, analytics and mobility, and everything connected. You will see in a few minutes. Today we have more than 36,000 highly skilled digital professionals around the world.

Accenture Technology is where we power our clients' businesses with best-in-class technologies. As you know our global delivery network with more than 250,000 people is unmatched in the marketplace, with the depth and breadth of services we are providing through our GDN. And we leverage, and this is extremely critical to our success, our unique position in the technology ecosystem with both on one hand the established players and on the other hand many of the emerging new players to bring cutting-edge solutions to our clients.

And finally Accenture Operations. With more than 100,000 people, we have created a unique capability 18 months ago, right, Mike? And we've created this unique capability in the market by uniquely combining business process, cloud and security to drive efficient and cost-effective operations for clients at scale and you will hear more in a few minutes increasingly on the consumption-based model.

So when you look across our entire business we believe that only Accenture today has this broad range of skills and capabilities, and this unique ability to combine to integrate them in what we are calling end-to-end transformation with a strong industry context.

And we believe this is why we are remaining the partner of choice for so many of the world's leading companies and many of the largest government agencies. Just a few facts I'm sharing with you today, we serve more than 80% of the Fortune Global 500. We have long and enduring client relationships and 97 of our top 100 clients have been clients of Accenture for at least 10 years. Finally, we have now a record 148 Diamond clients, our largest client relationships.

Now let me share with you an update on the investments. And I know having talked with many of you that you have questions on our investments, and you are pleased with what we're doing, we have made to position Accenture for long-term market leadership. Over the last three years, yes, we invested more than in the past and we deployed \$2.5 billion on focused acquisitions with three main objectives. And we are extremely disciplined in the way we are investing and channeling our cash.

First is to accelerate access to capabilities in the new as I described before. Key acquisitions include Fjord for service design, Acquity Group for digital marketing and recently FusionX in cyber security.

Second is to further strengthen our deep industry expertise especially in strategy and consulting, in retail with Javelin, in utilities with Structure, in life sciences with Axia and in energy with our recently announced acquisition of Schlumberger Business Consulting.

Third we invest for scale and to take a leadership position in the marketplace. Our acquisition of Procurian immediately established Accenture as the market leader in procurement services. And we just announced the acquisition of Cloud Sherpas to consolidate our position as the leading company in enterprise cloud services.

And of course with more than 350,000 people, a bit more now, we are and we are remaining a talent-led organization. And investing in our people is a significant priority and has always been. We aspire at Accenture to attract, develop and retain the very best people to serve our clients and grow our business.

In fiscal year 2015, we invested more than \$800 million in training and development by leveraging the latest digital technologies including virtual classrooms to deliver highly relevant training to our people at the point of need. And we are reinventing significantly the way you do training in an organization like Accenture.

We are investing at scale to build industry skills to be industry relevant. And today we have more than 189,000 people who are certified with industry skills or align to a specific industry, 189,000. And I'm extremely pleased that in fiscal year 2015 we promoted 63,000 people at Accenture across the different parts of our business, which further demonstrates our confidence in continued growth.



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As well at Accenture we have a strong commitment to inclusion and diversity, which is rooted in our culture and core values. And we believe and I believe and the Board believes that gender diversity and equality are essential for high-performing talent-led organizations. And I'm personally proud that we have sharpened our focus on attracting, inspiring and advancing women.

Today we have more than 130,000 women at Accenture, many in key leadership positions, and you will hear from a few today, including leading our business in now the United States, in India, and China and in the Philippines.

So as you can see, we're doing a lot. We are doing a lot to make Accenture the leading professional services company in the market. And with the strong support of our senior leadership team and our Board of Directors, I'm personally committed to doing what it takes to continue positioning Accenture for future growth and market leadership. And I expect that as you listen to our leaders this morning you will feel our collective passion, energy and excitement for how we are executing our strategy.

So now we're going to move to the different sessions. And let me introduce first Mark Knickrehm and Bob Sell. And we're going to start by how we lead and how we are relevant at the C-suite boardroom level.

This is exactly the job of Accenture Strategy and Mark Knickrehm is the group chief executive of Accenture Strategy. And this is the job of Accenture Consulting and Bob Sell is leading Accenture Consulting for Communications, Media & Technology and they are going to share with you what are the investments we're making to lead at the boardroom and C-suite level. Over to you, guys.

Mark Knickrehm - Accenture - Group Chief Executive, Accenture Strategy

Thank you, Pierre, and I'm delighted to be here. A year ago I introduced you to Accenture Strategy and shared how we're growing a strategy capability that is highly differentiated. We've made great progress and excellent momentum and I'd like to talk to you about that today.

Today we have 8,000 consultants and about a \$2 billion business, which places us among the leading strategy consultancies in the world. Digital is reshaping strategy. Efficient and effective use of digital technologies has become fundamental to companies' competitiveness and their growth.

Every CEO today must have an answer to the question, "What is your digital strategy?" Accenture Strategy is uniquely positioned, as Pierre mentioned, at the intersection of business and technology, to answer just those questions. We combine meaningful business insights with an understanding of how technology works and how it will impact industries and change business models.

We know what it takes to be a leader in the new because we understand technology and how our clients face it – from digital disruption and competitiveness to shaping the workforce for the future. We create breakthrough strategies that support the dual business agenda of revenue generation and cost rationalization – all while helping our clients look around the corner so they are prepared for what's next.

Let me share three examples with you that I think will highlight and bring to life a little bit of the work we do in Accenture Strategy. The first Pierre mentioned – security, one of our leading initiatives within Accenture, in the digital disruption and security space – is huge. You don't have to be a student of the news to see how cyber security is affecting companies' market values and brand values.

For a major North American media conglomerate we're developing a full security strategy that gets to the core of how the company will do business in the future. The executive team turned to us, Accenture Strategy, for an assessment and insights on their potential exposure. Their issues included:

- How do we distribute security accountability in a world where we no longer believe the CIO can protect the organization? How much should we invest in what areas, in what sequence?
- How do we prepare for the inevitable breach that we now expect to come?
- And lastly, how will we know and convince our shareholders and board of our level of preparedness and where we stand with cyber security?

In response, our strategy team is at the heart of creating an enterprise-wide security strategy to help this client predict, protect, detect and respond to threats. The work we're doing touches every aspect of their brand and their operations and the bottom line.



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The second example I'd like to share is around accelerating digital transformation at one of Europe's largest home improvement retailers. We're creating a digital strategy that covers multiple channels and business models and developing a new set of capabilities to compete with their emerging competitors, the emerging disruptors – principally online retailers.

Aligned with our guiding principle of omnichannel everywhere, our Accenture team of retail strategists and interactive designers from Fjord are helping to shape and deliver a more personalized and seamless customer experience.

And my final example is how we're helping Exelon, the U.S. utilities giant, to break into a new market: low emission alternate fuel vehicles. The work we're doing will help them provide a new customer services experience and expand their offerings into transportation fuels, not just major power sources including electric, compressed natural gas, hydrogen fuel cell and liquid natural gas. It's a whole new way to fuel the future.

Moving forward, as Pierre mentioned, we continue to invest in Accenture Strategy. We're aggressively bringing in new talent, skills and capabilities and making substantial investments in strategic acquisitions to help us scale our capabilities around the issues that matter most to the C suite.

For example, we recently acquired the Javelin Group, which Pierre just mentioned, to expand our capabilities in the digital retail space and work with leading consumer brands and retailers to transform and speed their digital transformation. We acquired Axia to boost our capabilities in the health and life sciences space in the United States. And most recently, we announced plans to acquire Schlumberger Business Consulting to move us in a stronger way into the upstream oil and gas base in strategy.

Another significant focus for us is thought leadership. We're proud that the World Economic Forum recently selected us as their partner for their entire digital transformation of industries initiative, one of their largest efforts they've undertaken in recent years. They believe that digital is the force of the future and here to stay. Some of our most senior leaders and brightest innovators will be leading the strategic initiative that includes providing insights on new industry ecosystems and how to succeed and become a digital champion.

In closing, clients want strategies in the context of the new. And they know that disruptive technologies are coming at dramatic speed and require ongoing transformation for their business. For Accenture Strategy that's our sweet spot.

Now let me turn it over to my colleague Bob Sell to talk about Accenture Consulting and how our consulting colleagues help to execute the transformations that our clients have developed in their strategies. Bob, over to you.

Bob Sell - Accenture - Group Chief Executive, Communications, Media & Technology

Thanks, Mark. Well thank you all for joining us today.

Pierre asked if I could spend a few minutes talking about Accenture Consulting and how Accenture Consulting, like Accenture Strategy, is powering our growth in the market today. If you step back, Pierre mentioned 40,000 professionals. Let's think about the size of Accenture Consulting. Think of it as about a \$7 billion business – 40,000 technology and management consulting professionals, steeped in industry expertise and industry context, placed around the globe and aligned underneath our five operating groups, our five industries.

If you think about the responsibility in addition to delivering consulting, we have the unique responsibility in the operating groups to knit together, if you will, all of the businesses of Accenture, Strategy, Digital, Technology and Operations, to bring the right differentiated high-value solutions to our clients. So in addition to delivering consulting value and quality, we knit together those solutions that embody in some instances all four or five of our businesses as well as two or three bits and parts of our business into a highly differentiated, highly valuable proposition for our clients.

The other thing that I think is unique, and it's wonderful to present after Mark, is this relationship between Accenture Strategy and Accenture Consulting. If you think about Accenture Strategy and you think about shaping a company's vision, pointing them in a new direction, combine that with the industry skills, depth of knowledge and context that an industry expert provides to that shaping process, you can imagine the differentiated solution that we might come up with – the compelling nature, the C-suite relevance of our answer or our proposition to the client.

It's incredibly powerful. And when we serve the market and we participate with our clients you can see the unique value proposition, the unique position we occupy in combining particularly those two.

If I could bring it to life a little bit more I'll talk about CMT. CMT is Communications, Media & Technology. That's the operating group that I lead currently.



That operating group has these industry professionals serving telecommunications, electronics and high-tech, media companies and we also include Internet and social in that space as well. If you think of those industries – it's not foreign to any of you, I'm sure – that those industries are under tremendous pressure.

The change dynamic right now in those industries has never been so severe, so acute. The good fortune for us is that disruption provides Accenture opportunity, clearly provides challenge to those companies that participate there.

What's really unique and interesting, somewhat ironic, is those companies are often viewed as the disruptors, but yet when you think about it, they are also still being quite disrupted themselves. And again that plays to this disruptive moment, this moment of opportunity for us.

You think of a wireline telephony company. There is no wireline telephony anymore. There's no wireline voice. There's hardly any wireless voice.

Those companies have moved, a lot of them, into the space of distributing video content. They've become broadcasters. Imagine the change in the business model and the opportunity that provides us across all of the businesses of Accenture.

Some of those companies today are actually contemplating, "Should I get into original content creation?" They use words like, "Should I be into original programming?" I mean, think about it.

Someone that just 10 years ago was providing a dial tone at the end of a wire is now into considering, "Should I be an original content creator? Should I be a content company, not just a distributor or broadcaster?" So the change is ripe.

What we did in CMT, probably 18 months ago, is we started to focus our investments and focus our energy on what we saw as the new, what we saw as this change. And there's no real rocket science to that other than the fortunate position we're in. When you serve companies like communications, media and technology companies you can't help but feel the pace of change, you can't help but be compelled by what it is they have to innovate, what it is they have to overcome, how they have to unlock themselves from their incumbency and move into the new spaces.

So we focus our energy and our investments in some of the more leading-edge spaces around digital, around analytics, around video content distribution. How do you use networks differently other than voice, how do you use them for data and broadband content? And that placed us in a very fortunate position in that we became very C suite-relevant.

We aligned our investments and our strategy, our energy and our context to the C suite agenda, to what CEOs were worried about every day, day in and day out. Mark posed some of those questions earlier.

So that has helped CMT put ourselves in a position, and with Accenture Consulting we're able to go after higher-growth opportunities, higher value to the client, higher benefit to Accenture. As you've seen, in FY15, CMT grew 16% and I would say a lot of that is because of the focused energy and the investments we made ahead of what we thought was coming, investing in the new at an appropriate time and we're taking advantage of that. I would say right now we are probably the choice as a transformation partner for each of those segments in the industry.

If I could give you three examples, I will speak to them quickly, but think of first Vodafone. Vodafone is a company, as most of you are aware, that has grown through acquisition. They have multiple properties and assets predominantly across Europe but also into Latin America and the African, Middle East corridor.

They really did operate as separate entities and they asked us to come in and help design, develop and deploy a robust functional platform across HR, finance and supply chain but also a technical infrastructure that would streamline their back-office operation and yield value back to the company. We did that and the value continues to be reaped simply because they continue to acquire. And rather than acquiring and appending, they acquire and integrate onto this technology platform, onto this business function across, again, HR, finance and supply chain.

So that solution added tremendous value. It transformed really how Vodafone supports itself and operates itself and now that has become the launch pad for how they are creating a unified network across all of those different properties. So very powerful.

In the video space I mentioned earlier, this move to digital moved to the new, I'd give you two examples in the video space. One is Star India. Star India is one of the leading broadcasters of content in the Indian marketplace to consumers. They asked us to take our proprietary video solution and help them enable content distribution in their market. We developed a solution, designed it, implemented it and currently deploy and support its deployment. We support over 7,000 unique devices, consumption devices – 7,000 of them. And we support it across WiFi, 4G, 3G, and you can imagine in the Indian marketplace of course, we have to support 2G. So we do that across 7,000 devices.



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The World Cup cricket match which some of you might be interested in, between India and Pakistan, was the world's most-watched sporting event online with 25 million online viewers. On their devices, on their phones, on a 2G network, on a WiFi connection in a hotel. That's work Accenture Consulting and CMT did.

And then BT Sport. BT Sport wanted to launch a Premier League match distribution engine via phone, via their wireless service. And so again we used a very similar video architecture using our mobility practice, our security practice, our content distribution practice.

And we actually launched a Premier League viewing service on BT Sport, through BT Sport to the BT subscriber base. And at one point we had, I think it was the inaugural match, we had matches on a Saturday, we had 764,000 concurrent viewers, three-quarters of 1 million of people watching soccer, Premier League, on their cell phones through BT Sport.

In the first two months of that service being provided over a million downloads were made of that app, still a record in the UK and across Europe for an app of that sort for video streaming of sports content. So very compelling.

I would go back to the point I made earlier: this idea that we can bring Accenture Consulting following on from Strategy, knitting it together and integrating with Technology, Digital and Operations really is compelling and differentiated in our client base for sure.

I think it's fair to say I'm pleased with our performance. I think our direction is correct. I think we occupy a unique and differentiated space in the market and I would say that we're on strategy.

Our strategy is compelling and having a demonstrative market impact. So I'm very pleased with all of that.

So Pierre I'll call you back up.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot guys, and indeed, extremely impressive stories and achievements. I'm very pleased with what you've achieved with Accenture Strategy, something we launched recently. Now they call the man with the black card, because we look at the identity again, but it's not about the identity, it's about the positioning, and we've made some very significant progress.

Needless to say that we are very pleased with Accenture Consulting and the performance in CMT. Sixteen percent – right, Bob? So now we declare fiscal 2015 is going to be the year of the Bob, in our terminology, and they have just both been doing very well. So thanks guys.

So you've seen what it is we are doing to be relevant at the C-suite, to shape with strategy and to transform with consulting. But of course these people would not be able to deliver the magic of the new without Accenture Digital, which I'm going to introduce now. So Mike and Shelly, please join me here on the stage.

You're shaping the strategy – Accenture Strategy, you're driving the transformation of your clients. You've seen what we are doing in Communications, Media & Technology. But then you need to bring in the digital technologies to enable the transformation. And this is exactly the job of Mike Sutcliff, our group chief for Accenture Digital, and Shelly Swanback, our COO for Accenture Digital. So over to you.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

Thank you.

Shelly Swanback - Accenture - Group Operating Officer, Accenture Digital

Thank you, Pierre. Well it's certainly been a very busy and exciting year in Accenture Digital.

Our digital-related services grew about 35%, more than \$7 billion this year. As Pierre mentioned earlier, we have more than 36,000 people across the globe helping our clients with their digital transformations.



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At Accenture Digital we see demand from our clients really around two distinct business opportunities. The first is that our clients want to better connect with their customers. They want to create better experiences for them and they want to create better outcomes for them whether they are consumers, they are patients, they are student citizens or even their own employees.

And secondly our clients want to create digital enterprises, enabled by new operating models and new business processes and by establishing capabilities in this whole area of connected products and services. And we help our clients in both of these areas by enabling digital transformations shaped by our industry and consulting teams. We do this by drawing on our full range of capabilities in Accenture Digital.

Those are Accenture Interactive and Accenture Analytics and Accenture Mobility, each of which is differentiated and market-leading.

So I'm going to tell you a little bit about all three. So let me start with Accenture Interactive, the agency inside Accenture Digital. This is about a \$2 billion business.

It was recognized this year by Ad Age among the top three largest digital network agencies worldwide. This is the fastest-growing part of Accenture Digital with growth across all of our end-to-end capabilities, including designing and implementing new customer experiences, creating and operating digital marketing campaigns, producing and managing digital content and of course, deploying and managing e-commerce platforms.

We're growing our talent. We're hiring top designers, experienced architects, marketers and technologists.

We're also investing in new capabilities and to expand our geographic presence. We completed five acquisitions in Interactive this year, including in Australia and Hong Kong and Brazil and Sweden and also here in the United States.

One example of the interactive work we're doing is working with a leading pharmaceutical company to apply responsive design and advanced segmentation analytics to deliver dynamic customer experiences across many device types and across more than 50 countries and over 20 brands. In the first year alone we helped our clients save more than \$15 million and at the same time, helping them produce their new websites much faster. This client is very thrilled that their physician registration has increased more than 18% as a result of this work.

Moving on to Accenture Analytics, this is a powerhouse. About a \$3.5 billion business growing faster than the market and also offering a broad range of services, including data integration, business intelligence, big data, advanced analytics, machine learning and of course cognitive computing. And Accenture Analytics has also been widely recognized by many industry analysts.

We're differentiating with unique talent, including more than 1,200 data scientists, with investments in predictive analytics, with platforms and also with unique relationships with academic organizations like MIT here in the United States and ESSEC in France. We see the greatest demand in analytics in a couple of places: in customer marketing, pricing and personalization, risk and regulatory compliance and a constantly evolving set of advanced analytics to support both industry and functional client specific needs. In fact, we have more than 50 functional and industry analytics applications that help us put insights in the hands of our clients in hours or days versus weeks or months.

Let me bring this to life with an example. We recently worked with a global healthcare company using our predictive health intelligence platform in advanced analytics to study data sets including hospital and electronic medical records. And we helped our client understand the statistically significant difference between patients with hypoglycemia and those without. And based on these research findings, now doctors can recognize side effects, know when to intervene with different types of therapies to improve the uptake of their treatment and most importantly, to provide better outcomes for their patients.

Well — and you can't be digital without thinking mobile first. So our third capability, that's Accenture Mobility – also about a \$2 billion business and growing rapidly.

As the leader in enterprise and consumer mobile app development we've developed over 1,000 apps on iOS, android and Windows platforms for more than 400 clients. We've been recognized by analysts like IDC as a leader in enterprise mobility app development and testing.

Our network of mobile studios and development centers is capable of rapidly creating new solutions across any mobile platform, across any device. In fact, we're developing apps to do everything from ordering a pizza to monitoring worker safety to alerting and reporting on agricultural crops.

One recent example, we just worked with the State Bank of India to launch a mobile wallet app. It's the first app in India to be available in 13 languages. Just one example.

Our Accenture Mobility team is also very active in this new market of the Internet of Things, an area where we've been investing ahead of the curve because we believe this is a big growth opportunity for our business. Take for example the work we're doing with Hyundai Heavy Industries building a connected ship that uses over 100



different types of sensors to collect data like ocean current, weather, location, onboard equipment, cargo status and the like. We take this data, apply our analytics to it and provide insights that allow our client to make decisions to improve their operations.

Another example is the connected vehicle work we're doing with many clients. With Visa we just did a proof of concept that embeds payment credentials and information directly into a connected car. Essentially your car can now be your credit card.

So it's been, it's just been an incredible 18 months. We're very proud of the capabilities that we've built in Interactive and Mobility and Analytics, very excited about our unique capability to combine these together and really help our clients with their digital transformations. And I have to say I'm very pleased with the digital rotation we see in our business, really across all geographies and across all industries. It's just fantastic.

And we have tremendous momentum. It makes me very confident that we're well positioned to continue riding high on this wave of digital disruption. And I'm looking forward to another great year.

Now I'm going to hand it over to Mike to tell you how we're shaping the future of digital.

Mike Sutcliffe - Accenture - Group Chief Executive, Accenture Digital

Thank you, Shelly. As we think about the tremendous progress that we've made and we shift our focus to what do we see coming next we believe that the future of digital is going to pivot toward the use of platforms that combine information and technology from multiple sources.

So let me tell you what we mean by platforms, why they are important and how we believe we're going to be differentiated. The first thing is that we defined platforms as a combination of services, intellectual property and technology that we make available to multiple clients. And specifically we do it on a consumption basis.

Our strategy is to team with the digital ecosystem partners such as Adobe, Microsoft, Intel, Apogee and others to create unique combinations of technology for very specific industry solutions that we can preconfigure an offer as a platform to the industry. We believe the platforms are important to our clients because they help reduce their capital requirements and at the same time allow us to accelerate the time to market with new solutions that our clients are interested in.

The reason we believe we're differentiated is that we come to the market with an independent view of the technology landscape. We bring deep technology development skills and expertise and we couple that with our industry knowledge and intellectual property about what works in different industries and where disruption can be enabled. And we have an ability to partner with our clients to define these new solutions and bring them to market at speed.

I'm going to talk about three platforms that we're creating this year that improve our ability to rapidly create value for clients. The first one is called Accenture Customer Engagement. This is a platform, a pay-per-use digital marketing platform that we've developed with Adobe, one of the leaders in this particular market segment.

It's a cloud-based managed service that allows us to simplify the development, execution and measurement of digital marketing activity. It's digital marketing from Accenture Interactive, wrapped around the Adobe marketing technologies and made available to our clients in a very rapid timeline.

The second one that we call Connected Platforms as a Service is actually an open architecture platform that we've just developed to serve the IoT market. We've connected our connected products technology with the technology from Microsoft, Intel, Apogee and others to provide a solution that enables device connectivity, data transport and advanced analytics. And we can offer it around a variety of different technology footprints that our clients have already invested in.

It is available with pricing determined by the number of devices that are going to be connected, the amount of data that we need to transport and the type of analytics that the clients need both on the edge and in the cloud. The example that Shelly just talked about with Hyundai Heavy Industries to provide a connected ship solution is an example of using this type of IoT platform. We actually have eight solutions in the market today, including remote asset monitoring, remote field worker, connected minds, connected vehicles, connected cities and we're going to be delivering another wave of technology into the market before the end of the year to enable different industry solutions.

The third platform is called the Accenture Insights platform. This is a big data, data discovery and advanced analytics solution that was originally built with Amazon Web Services and has now been further enhanced to support Microsoft Azure and some of the new Microsoft analytics technologies that are being introduced into the market.



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We've just launched this platform and we've already got more than 20 clients using it in a very rapidly building pipeline. So if you think about where we are, Accenture is now capable of providing cloud infrastructure, IoT and analytics platforms stacked together as a virtual solution on a consumption basis. It can be delivered with industry-specific intellectual property to clients either at the individual client level or to serve an entire industry.

So we believe platforms are critical to where we're going to be taking Accenture Digital in the future. We're excited about the progress and the momentum we've seen just this year with the three platforms that I've just described. But we are planning to continue to invest and partner and create new platforms as we move forward.

Our role at Accenture Digital is to be a key member of the ecosystem that can accelerate the innovation and the market take-up of these new types of platforms. One of the benefits of being a leading member of the digital ecosystem is that we are now attracting companies who are being interested in being acquired by Accenture. They are contacting us. We're very pleased with the six acquisitions that we've made this year because each one of those acquisitions has increased our competitiveness and has enhanced our vision for what the future might look like. The acquisitions will continue to allow us to expand our capabilities and expand our footprint in different geographic markets.

We also will continue to focus on building the teams across Accenture Digital because we want to become the preferred place to work for digital talent, where the digital natives feel at home and they feel like they are able to work on the most innovative and the most challenging client assignments in the world.

I've been with Accenture for 28 years, and this is one of the most interesting times to do what we do, to try and help clients create new sources of value. We're excited about the strong momentum that we have in the business today and we believe that Accenture is digital and digital is Accenture. So Pierre, back over to you.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot to Mike and Shelly, and indeed a brilliant closing – digital is Accenture and Accenture equals digital and Accenture equals the new. I guess you have here an excellent illustration of what has been done under the leadership of Mike and Shelly in order to accelerate the rotation to the new. And just bear in mind that digital-related services only, they do represent \$7 billion and rotated last year at 35% growth year over year.

And indeed what we are very pleased with is not only that we've been creating three capabilities -- Accenture Interactive, Accenture Mobility and Accenture Analytics – all at scale, but if you look at our unique ability to combine the three, this is where we are delivering these very unique transformational programs you highlighted and the big brands we are serving around the world.

And I guess you are both extremely confident of your ability to continue driving success in the marketplace, which has nothing to do with any forecast. Right, David? It's just a statement.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

Thank you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot.

Shelly Swanback - Accenture - Group Operating Officer, Accenture Digital

Thank you.

Pierre Nanterme - Accenture - Chairman & CEO

Great, Shelly. So we've seen how with Accenture Strategy and Accenture Consulting that we are shaping, supporting our clients with their vision – the consulting, industry-rich people are coming to drive the transformation at clients – organization design, business process, rethinking the way they do operate, leveraging digital technologies.

So for that I've called, they are calling, on Mike and Shelly, bringing all these digital-native solutions – Interactive, Mobility and Analytics – and building the solution. We shape, we transform, we build digital solutions and then we operate on behalf of clients.

And I'm very pleased to introduce Accenture Operations. Because this is the new baby. When of course you see, Mike, tell them it's a good baby, according to any standards.

But this is the one we created 18 months ago under Mike's leadership and Debbie's leadership. And at the time, and I will let you share the vision we had. We had a lot of interesting discussions on rebuilding, recreating something new at Accenture and having this view that by putting together business process, infrastructure services – cloud-rich, security-rich – we might create something unique in the marketplace in the way we are going to operate services on behalf of our clients in a very unique way.

And needless to say that with 20% growth last year, you demonstrated, both of you, that indeed we have certainly created something highly relevant to our clients, differentiated vis-a-vis the competitors and very competitive. Because I guess with that kind of growth we've been gaining market share, all of this because both of you, you embrace the new. So over to you.

Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

Thanks, awesome. Okay, Accenture Operations. First of all, it was a fantastic year for us.

2015 has been a fantastic year for Accenture Operations. And like Pierre said, when we created it 18 months ago we brought together our BPO and our infrastructure services business. And that's, as I talked to a few of you out in the hall, that's a key point because what we're going to talk a little bit, a lot about, is as-a-service.

To give you some stats, this year Accenture Operations grew 20% so what that means now is we are a \$7 billion business with 103,000 people globally. So what you've seen is that we are scaling both our BPO and our infrastructure services business. But we also this year made huge progress in our as-a-service capabilities with which both Debbie and I will take you through.

Now the reason why we're going after this space is because we see an inflection point. Our clients are under a lot of pressure in terms of innovation, dealing with acquisitions and divestitures and there's a lot of pressure for them to deliver business results. And we think as-a-service is the solution.

Also, we think that we are uniquely positioned to deal in scale with this space and the reason I say that is because of three things. First of all, the three barriers to entry that I think about are:

- We've got great market-leading capability in BPO and in infrastructure services. And when we say infrastructure services think cloud and security.
- Second is we've got the Global Delivery Network. So when you think Global Delivery Network you should think differentiation at scale.
- Then the last thing is business results. We've got a proven track record of delivering business results year in and year out.

So when you think of those three things and you think about us, those things don't just happen overnight. Those are huge barriers to entry.

Now let's talk about this concept called as-a-service. And what our clients want and what we're delivering are four things:

- The first thing is they want services that you can plug into. So think in terms of provisioning these services very quickly. In our old business we used to do things in months and years. Now we do things in minutes and hours. And Debbie is going to take you through a procurement example of where we plug in for our clients basically overnight.
- Second is our clients want to start small and scale fast. So what we can do is we can land five to 10 people and we can very quickly ramp up to a thousand people.
- As Pierre mentioned, the consumption-based model. Clients want to only pay for what they use. That's the drive and what we love about that is that it finally breaks that link, that traditional link between headcount and revenue and we focus on value versus volume.



- Then the last thing is business outcomes. And we only think about two things when we think about business outcomes: either helping our clients increase revenue or further decreasing their cost.

Now if you look at the slide here, what this is... what I tried to do is depict what part of this as-a-service business that we're talking about is BPO and then what part is infrastructure services to show you what we brought together when we created Accenture Operations. If you look at the blue, the blue is the BPO pieces and the gold or the yellow is our Infrastructure Services business. And the whole picture, my team and Accenture, we look at this as the as-a-service stack.

So if we look at the top I just want to walk you through it real quick, because the five pieces are incredibly important. When a client wants to drive business outcomes the first thing they look at is the business process. So think procurement, think F&A and right underneath that business process, that business process is usually supported by the next layer, the application.

And then those two pieces usually sit in the third which is hopefully in the cloud. Not an on-premise box, but the cloud.

The fourth layer is security. So when Pierre or Mark talk about security that's huge because this whole environment has to be secure.

And the last thing is the entire thing runs on a network. So that's, when we say as-a-service stack, that's what we're talking about.

When you look to the left you see analytics – it's running from top to bottom. And the reason I bring out analytics is because it's in everything we do and it's not analytics just to produce data. A lot of people talk about analytics just producing data. Our analytics is analytics as a science. It's built on algorithms and what we do is we fine-tune those algorithms such that they can predict and prescribe business outcomes for our clients.

When you look to the right, you'll see consulting and you'll see our workforce. I mentioned that we have 103,000 people globally. That's a very diverse group too because the thing that I'm very proud of is that we have consulting talent, technology talent and operations talent within Accenture Operations now, and it's a very innovative entrepreneurial environment. That's the thing that's fueling our growth.

When you think about it our clients love our transformational capability. And what I mean by that is we can both operate processes and we can consult on them. So that makes us truly differentiated in the space.

So before I turn it over to Debbie, Pierre mentioned that we've worked together for six years and we would not have this success in Accenture Operations without her. So Debbie, over to you.

Debbie Polishook - Accenture - Group Operating Officer, Accenture Operations

Thanks, Mike, and the pleasure has totally been mine. So let me bring as-a-service to life for you. We have basically decided to focus on four of our market-leading offerings to scale as-a-service: marketing services and mortgage services to help our clients increase revenue; and procurement services and finance and accounting services to help our clients reduce costs. Basically the way the as-a-service deals get structured is either as large end-to-end deals or as component-based deals where our clients can start small and scale fast.

They can start with a particular category of purchasing. They can start with a geography. They can start with a sub process. But in either a large deal or a component-based deal they can plug right into our global delivery network and experience the power and scale that we have.

Let me give an example in our digital marketing services area, which is an area, by the way, that's growing very rapidly for us. We're working with a large global automobile manufacturer where we're helping them transform their digital customer experience and sell more cars with a digital touch.

So if anyone has purchased a car lately you know you spend a lot of time online before you do that. And so there's a lot of relationship building that happens online. And what we're doing with this client is we're helping them manage, analyze and nurture that relationship all the way to the point of sale, and in true as a service fashion, we get paid based on each car that is sold with the digital touch.

In the digital marketing space – in the services space – we differentiate ourselves from the traditional marketing and advertising agencies because we're able to provide the end-to-end services, everything from digital marketing strategy that Mark talked about all the way through to digital operations. And we can do that globally and at scale. So that's marketing.

Procurement. Now Pierre mentioned earlier our acquisition of Procurian. This has really helped us disrupt the market and extend our capability.



We are the market leader with over \$137 billion of spend under management. This has been a phenomenal offering area for us and we're growing upwards of 30%. And it's actually a great capability for our clients as well.

For Deutsche Bank, who has been a procurement client of ours for the last 10 years, we are now helping them to continue to transform their procurement operations. In fact, we're automating lots of what they do as well as plugging them into an as-a-service cloud-based SAP Ariba platform. And with this most recent transformation we're saving them 15% more in the procurement operations and another 15% in their IT operations, so really very tangible business outcomes.

The way we differentiate ourselves in the procurement space is that we are able to plug our clients' ERP and data into our proprietary platform. And from there we have 1,400 category and sourcing experts that use that data and provide a very scientific and analytic approach to sourcing, delivering superior business outcomes. And we're able to do all of this at scale and globally.

So basically what we have done with our as-a-service is we have created a capability that our clients can plug into, start small, scale fast. They can achieve superior business results and they only pay for what they use.

So with that I'm going to turn it back over to Mike.

Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

So hopefully those give you a couple of examples. So when we say as-a-service what we wanted to do is make sure you guys had some examples.

So what's next? Our focus will continue to be on scale and what we will do is continue to apply technology to our business and also rotate our operations to as-a-service.

And specifically we are aggressively implementing three things: first of all, automation to improve productivity, second is enabling our clients to the cloud and third is investing in security.

Let me give you a couple of examples, a few examples, of each. When I think about automation we're focused on cognitive technologies to improve productivity and actually transform our workforce.

Let me give you an example. We have now 4,000 pieces of automation that we call "mini bots," another creative word that we've come up with. But the mini bots are pieces of technology that have been created by our folks and it is transforming the careers of our people.

And the reason I say that is we apply these mini bots to our transaction processing activities. This year we've reduced over 10,000 roles because of this technology but we haven't lost one person. The reason I say that is we've reskilled our people to move up the value chain and to focus on things like analytics.

Now we're very focused on cognitive technologies along with analytics. Let me give you an example of how we've used that. In the Life Sciences space we offer services around drug safety, and as you can imagine, there's just a ton of data around drug safety.

What we've done is we've taken machine-based learning along with analytics and we've put it together to significantly reduce the amount of time our physicians spend at reviewing cases. And for the client we've cut our cost in half.

Now the next thing is the cloud. And Paul, our CTO Paul Daugherty, he will talk a ton about the cloud. But we are so well positioned in the cloud, I wanted to give you a couple of nuggets from an Accenture Operations standpoint.

First of all, Accenture Cloud Platform. This is a piece of technology that helps control and manage our clients' cloud landscape. As you can imagine right now, everybody's talking about the cloud.

All of our clients are going to the cloud. And when you do that you have multiple cloud providers, you have multiple types of clouds and you have also multiple cloud products. And what Accenture Cloud Platform does is help you manage all that in a very seamless and secure way.

The second thing is we have fantastic relationships and partnerships with companies like Microsoft and Amazon. And what that enables us to do is provide both public and private cloud solutions to our clients.



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The last thing I talked about was security, and we are doing three things in security. First of all we are scaling identity and access management and we are also scaling security as-a-service. But we're definitely investing in cyber security.

In August you saw that we purchased, we acquired, FusionX. FusionX is uniquely positioned in the cybersecurity space because what they do is they do a true evaluation of a client's environment.

What do I mean by that? They work with boards and they work with CEOs and they actually do replica attacks to test security. So they are penetrating our clients in terms of what's going on and then they report the results back.

As you can imagine we're thrilled about this. Because when we can show a client where they are vulnerable then it's very easy for us to go and consult on fixing the problem or take it so far as to say, "Look, you know what, we'll manage it for you."

So as you can see, our Accenture Operations strategy is working. We are clearly differentiating, we're innovative and we're taking significant market share. And both Debbie and I feel very confident that we're well positioned for growth in the future and marketplace success because of our as-a-service focus.

So Pierre over to you.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot, Mike and Debbie, and indeed, just listening to you, I was thinking about these last four years and when we started to work together – Debbie, Mike and myself and the rest of the team in figuring out what's new, what's next after BPO – starting with BPO, how you fight against commoditization, how you rethink the way you do in the way of bringing something extraordinarily differentiated to the marketplace.

And then we have this idea of building Operations, changing the DNA, changing the identity, bringing to the market something very different. And now we are leading in business processes, I'm thinking about finance and accounting, procurement and other pieces of the business.

We added an amazing cloud-related services business, now adding the security, which is so important, and not being shy to embrace what's going to be the next delivery model of all these services on the consumption-based. Because even if it's still a limited part of the portfolio, as we speak, we see the trend is very clear: the market is going to move on the consumption-based, as-a-service model.

And again, Mike and Debbie, you want to be the first in town in leading the charge in this new economic model: 20% growth, \$7 billion. I think you've been leading a good charge in fiscal year 2015. So thanks to both of you.

Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

Thank you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

We've been covering Strategy, Consulting, Digital and Operations, so you might say, "What's missing here?" It's of course technology, and we put technology at the back end of the presentation because technology at Accenture is everywhere and is a key enabler of everything we do.

You've been in Strategy, with Mark Knickrehm, operating at the intersection of business and technology. When we transform an organization it is by bringing the best technology solution in the marketplace. Of course, digital is technology-rich with digital-native technologies and in Operations, needless to say, we are leveraging technologies.

And at Accenture when we talk about technology we're talking about the man who does see the future, and we have that man. That's why we could lead in the new because the man who does see into the future, and is our CTO, Paul Daugherty. And we all like, at Accenture, working with Paul because he's a bright and smart guy.

He has this kind of visionary ability to see what's next, and so we are able to invest, as we said, ahead of the curve to take the first mover position. He's been the man who strongly supported the fact that we invest in the cloud five, six years ago. You have been the man behind the analytics, behind all these new technologies and now pushing us about what's next.



So you're my personal coach – teaching me technology every day so I do look smart sometimes. But I'm very pleased that and feel very grateful that we have Paul Daugherty, our Chief Technology Officer, with us and leading at Accenture.

Paul Daugherty - Accenture - Chief Technology Officer

Great, thanks Pierre. So I'm delighted to be here today to talk to you about technology and what we're doing. As Pierre said, there are so many exciting things happening in technology and what I'll focus on is how we're investing to lead in the new technology and specifically drill into that.

And Pierre said earlier that we're in the early stages of a technology revolution and that's definitely true. This is one that's reshaping industries and markets and is on a par with, at least on a par with, the Industrial Revolution. And it's creating this new digital age that we've been talking a lot about.

And we've been anticipating and embracing this new revolution and this new change. When I step back and think about the big changes that are happening there are three big trends that we're focused on, we've been focused on, and I think will continue to focus on for the next few years.

The first trend is around the hyper connected world where everything that can be connected will be connected – ships and everything else that we just heard about. The second big trend is data, data fueling how businesses compete and operate and becoming the currency of the new digital economy. Then third is artificial intelligence, and artificial intelligence where computers think like and act like humans and transform the fundamental nature of work. We started hearing a bit about that from Mike.

And these three megatrends are creating a really exciting new future. Think about a few possibilities and things we're starting to see. Drones out in the world becoming more routine as we go forward in the future for things like delivery and other uses you'll hear about in a little bit.

Think about blockchain technologies transforming payments in commerce as we're starting to see in financial services. And think about intelligent robotic virtual assistance with physical presence and personas that provide very personalized specialized services like medical advice and investment advice. These are things that are happening and starting to happen and are part of our future. At Accenture we're investing in the future.

My job as Chief Technology Officer is to look ahead and make sure that we're making the right investments, that we're not just relevant but that we're leading – and the leader – in deploying these new technologies throughout our business and to our clients.

There are three big areas we're focused on that you've already heard about from Pierre, starting with Pierre and from the other speakers – cloud, digital and security. So let me drill into those areas a little bit more.

So I'll start with the cloud. Five years ago, about five years ago, you heard us start to say that the cloud will be big and that we will go big in the cloud. Well today we're standing in a position where Accenture is the number one enterprise services provider for the cloud, the number one provider.

So just some statistics around that. This year, or this past year, we've done \$3.5 billion in revenue in the cloud, \$3.5 billion of revenue, 18,000 people specialized in the cloud. We're doing cloud services for 79% of the Fortune 100 and we've completed 13,000 cloud projects across virtually every industry and every geography. So that sounds big.

But we're going even bigger given where cloud is going. And that's why we created the Cloud First agenda that you heard about from Pierre. And with Cloud First we're shaping the market.

So with Cloud First, it's a powerful message that we put out – that cloud is the starting point and Accenture is the starting point for our clients with the cloud for their business and IT solutions, which is powerful statement shaping the market. We're also not just shaping, we're leading in the market with our Cloud First agenda, so Accenture is first in the cloud. We're the number one provider on cloud platforms from SAP, Microsoft, Oracle, Salesforce, Amazon and many others.

We're going even bigger with the Cloud Sherpas acquisition that Pierre mentioned earlier. With Cloud Sherpas we've acquired the leading and the fastest-growing pure play cloud services provider. And with that we're getting scale and specialization in our cloud business so that we're building a new business around Google, enhancing our business and taking a leadership position in ServiceNow and gaining even further distance in the sales from our competitors in the Salesforce market where we already had a leadership position.

So that's an example of what we're doing in the cloud. And you'll be hearing a lot more about the cloud from us going forward.



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With digital, the second investment area I talk about, it's all about looking out to the next horizon because as Mike said, digital is always changing. And we're investing to look at that next horizon in digital.

And in the next horizon are things like artificial intelligence that I mentioned earlier. We're looking at artificial intelligence to automate and augment the way that work is done. An example is the work we're doing with the government of Singapore where we're using artificial intelligence to identify and alert officials to threats in security and improve public safety, a real application of artificial intelligence.

Another technology that's on the forefront and on the horizon of digital is a virtual reality, virtual reality not just for gaming but for business. We're working with Airbus on virtual reality for manufacturing. We're equipping their technicians with virtual reality technology headsets that allow them to do their jobs with 1/6 the effort that they previously used and eliminating errors on the assembly of the A330 aircraft. It's an example of that next horizon in digital.

In security we're investing as well. Mark and Mike both talked about security and some things we're doing there. With security we're always looking ahead to innovate with security because you have to stay ahead of everything else that's happening.

We're working with the U.S. government on the pioneering cyber security initiatives through our Cyber Lab in Arlington, Virginia, just outside of Washington, DC. And there is no finish line in security. It's about continual investment and continual innovation which is the approach we're taking to continue to lead in the security marketplace across all of our businesses.

So that's a big technology agenda and a big investment agenda. How do we bring that all to life? That's the job of Accenture Technology Research & Development.

And I'm pleased to be joined by Mary Hamilton who's coming to us from Silicon Valley. Hi, Mary.

Mary Hamilton - Accenture - Managing Director, Accenture Technology Labs

Hi Paul. Good morning.

Paul Daugherty - Accenture - Chief Technology Officer

Good morning. Mary leads research and development in San Jose in Silicon Valley. And Mary, why don't you tell us a little bit more about how we invest to innovate through research and development?

Mary Hamilton - Accenture - Managing Director, Accenture Technology Labs

Sure. Thanks, Paul. I'm pleased to be joining you from the heart of technology innovation here in Silicon Valley.

I lead the Technology Labs here. And one of the exciting parts of my responsibilities is to lead our Digital Experiences Research & Development Group. We work on the next big technology innovations that will change the way clients interact with their customers and employees.

But first let me tell you about who the Technology Labs are and what we do. Since we founded our labs more than 20 years ago, the labs have led Accenture through all the big waves of technology innovation. We have more than 200 researchers and PhDs who team with our people across Accenture to incubate and pilot cutting-edge prototypes on client projects.

Today we have five labs around the globe in Silicon Valley, Beijing, Bangalore, Sophia Antipolis and Washington, DC. And we are opening two new labs, one focused on cognitive computing in Dublin and another in Israel focused on cyber security.

Our Technology Research & Development Group helps differentiate Accenture in three ways. First we are on the leading-edge of defining the future. One example is the cutting-edge work we're doing in 3D printing, including creating an online 3D printing storefront for retailers and we are pioneering work with drones helping to survey pipelines for damage. We're also on the forefront of applying blockchain technologies, one of the hottest areas in financial services.

The second key differentiator is our ability to turn research into results...and ultimately into revenue. We identify new areas to commercialize, which creates competitive advantage for Accenture and for our clients. One example is our work in personalization called the Customer Genome, which is fast becoming the next generation of market and customer segmentation across all industries.



We're developing a family of analytic techniques built on top of the latest data-crunching platforms and real-time data analytics to create a digital DNA fingerprint of each customer. This means we don't just know what they want to buy but why they want to buy it. And then we can predict their future needs and give them ultra-personalized offers.

The third key differentiator is our ability to harness the best innovation across the technology industry through our open innovation program. We are unique in the market because we combine leading technology insights from top academic institutions, startups, corporate research and development programs and venture capitalists.

We are providing grants to some of the world's best academic institutions to gain access to leading technical and scientific research in critical growth areas of our business. One example is with Stanford University, where we're experimenting with new workforce models using crowdsourcing technologies to gather the best talent on demand from both inside and outside the enterprise.

We also work with startups and have a watch list of more than 700 of them. We assess these startups to determine which have the most enterprise-relevant and enterprise-ready technologies, then we help clients identify which are best suited for them. We call this open innovation as a service.

As you can see, Technology Research & Development – and innovation – are in Accenture's DNA. Over to you, Paul.

Paul Daugherty - Accenture - Chief Technology Officer

That's great, Mary. Thanks.

You can see innovation is in our DNA and we're investing to innovate and stay ahead. And that's the story that Mary told. So thanks a lot for that, Mary.

Let's move along the maturity curve a little bit and talk about another set of technology ideas and how we're moving ahead and innovating around new technology, new IT, application services and technology delivery. I can't think of a better person to tell us this story than my friend Bhaskar Ghosh who is our visionary with respect to new IT. Hello, Bhaskar.

Bhaskar Ghosh - Accenture - Group Chief Executive Technology Delivery

Hello, Paul. Good morning, all.

Paul Daugherty - Accenture - Chief Technology Officer

And Bhaskar is our Group Chief Executive for Technology Delivery and Application Services. As you can see Bhaskar is joining us from Bangalore. And Bhaskar, why don't you tell us about investing in new IT and the huge agenda that you're driving?

Bhaskar Ghosh - Accenture - Group Chief Executive Technology Delivery

Thanks, Paul. Greetings everyone from Bangalore. I'm delighted to be with you again this year to talk about how new IT is transforming global delivery and our application services business including systems integration and application outsourcing, spanning development, maintenance of all custom and enterprise platforms.

Let me start by sharing a few words about our Global Delivery Network, which is unmatched and the envy of the industry. Our 257,000 highly skilled professionals work across 120 countries and more than 40 industries to provide high quality cost-effective services to our clients across all of our global businesses including Strategy, Consulting, Digital, Technology and Operations.

And as the leading service provider for SAP, Oracle, Microsoft, Salesforce and others, we are best positioned to help our clients leverage the technology ecosystem. We are the market leader, but we know that leader can never rest. Digital is changing every aspect of the business today with disruptive new technologies, new operating models, nimble competitors and rising consumer expectations.

Every company must reimagine their own approach to technology to be faster, smarter and more responsive. We are transforming our delivery capability and leading the application services market into the future by rapidly adopting new IT. This is improving our own efficiency and competitiveness while helping our clients to



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achieve faster speed to market, greater business outcomes, higher quality and productivity with the power of innovation and automation and business growth by unleashing the power of connected world.

We have defined three delivery strategies that will help our clients to adopt new IT: Liquid Intelligent and Connected.

Liquid delivery is about developing applications with Cloud First, digital-first mindset. It is more platform based with reusable components for rapid assembly and it uses innovative engineering techniques such as Agile and DevOps to make software faster, flexible and more liquid.

Intelligent delivery uses the latest advances in analytics, cognitive computing, robotics and machine learning to manage growing complexity and speed of change. And connected delivery supports new software-driven business ecosystems, integrating partners, suppliers and customers as well as Internet of Things. So these three delivery strategies for new IT, Liquid, Intelligent and Connected, allow Accenture and our clients to reinvent our businesses with applications to achieve greater speed and quality, productivity and business outcomes.

Let me share an example to bring this to life. We are helping clients to compete with agility and speed. One of our clients, a digital entertainment company, was able to address declining market share and an eroding user base of online gamers by evolving their approach to application design and delivery using DevOps.

Today they have moved from two releases per year to multiple releases every day. This allows them to take new features to their customer in days, not months. In addition our Cloud First, digital first strategy is helping our clients transform their ERP environment with the power of new IT and making them ready for the digital future and greater business outcomes.

In closing, I'm absolutely confident that we have the most formidable technology delivery capability in the marketplace. We are continuously investing to make it even more competitive, more industry-rich, more productive and more relevant for our clients. And we are leading application services by using New IT to help our clients grow their business, run IT efficiently and make their applications future ready.

Back to you, Paul.

Paul Daugherty - Accenture - Chief Technology Officer

Thanks, Bhaskar. That's a great story that you heard about how we're investing to lead today and also make sure we're leading the future as we transform and change the IT agenda and move to new IT.

In closing, one other point that I wanted to hit on is around a real fundamental part of our competitiveness and differentiation, which is the ecosystem. And you've heard that come up a number of times today. But let me talk a little bit more specifically about the ecosystem and the role it plays.

We're the number one provider to all the major leading players in the ecosystem today, and we're investing to be the leading player with the new emerging leaders that we're seeing come about in the future. And you can see this in a number of ways. To take SAP, we're the leader in SAP today and SAP is rapidly moving their business to the cloud and we're moving right along with them.

We told you last year about our Accenture SAP business solutions group which has had a very successful first year. And we're investing further with that group in new solutions with SAP in the cloud and in industry solutions. We're also doing a lot of work with SAP on their S/4HANA new suite of applications. We're working closely with them, and you'll hear more about that in the coming year.

With Microsoft we're working with Avanade, our unique joint venture with Microsoft to extend our technology leadership – investing in everything from HoloLens, which is their new virtual reality product, to the Azure cloud. And with that focus in investment, Avanade has had a very successful year and has grown to 27,000 people just focused on Microsoft Solutions.

In Oracle we're the global leader with Oracle. And we've formed this year the Accenture Oracle Business Group focused on industry solutions in the Oracle Cloud. What's really unique about this is this is the first time Oracle has done anything like this with any partner.

I talked to you earlier about Salesforce and our clear leading position with Salesforce. We're investing in other early leading players such as Workday, ServiceNow, Google and others that I've talked about to extend this position in the ecosystem.



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So it's a broad agenda. What you've heard from Mary, Bhaskar and I is all focused on one clear goal: to make and shape the technology market and really fuel Accenture's future growth. We're investing to lead and win in the new and in this new technology revolution that we see. And I made a comment earlier that you heard on going big or going home with respect to cloud, and it's clear we're going big.

And that applies not just to cloud but across our technology agenda. And you will hear much more from us as we expand and continue to invest in the new and position Accenture for the future.

So with that, back to you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thank you, Paul, and I like your "go big or go home" – your unique American style. Couldn't be more pleased.

All right, but I think you're summarizing exactly what we aim at and what our topic was this morning. Indeed we want to lead in the new. No doubt that we are -- we want to drive what's going to happen in this new landscape, what we're calling the new, how we define it, this digital cloud security world, the investments we've made these last years, the positioning we've been taking in the marketplace, how we are leveraging our capabilities, how we are growing organically, how we are growing inorganically, how we're leveraging, as well, the ecosystem and all the technology partners working with us.

So indeed we could have today a unique opportunity to lead in the new across the five dimensions of our business – from Accenture Strategy – shaping; Accenture Consulting – transforming; Accenture Digital – digitalizing; Accenture Technology – powering our clients with the new technologies; and of course Accenture Operations – operating on behalf of the clients. And this is what we are calling the new Accenture.

So now we have 30 minutes before we are going to break to take questions. And of course feel free to ask your questions and I will ask my friends and colleagues as necessary, to answer.

QUESTION AND ANSWER

David Togut - Evercore ISI - Analyst

David Togut with Evercore ISI. Pierre, what are the unique management challenges of growing digital at 35% a year?

This is a headcount-driven business. What are the biggest challenges you face in managing and sustaining this type of growth from a human resources standpoint?

Pierre Nanterme - Accenture - Chairman & CEO

So maybe I might turn that to you Mike on, we are growing rapidly, we are scaling rapidly but in a very controlled way. And so far we've been able to integrate these different people, including people sometimes very different from what people are believing is our classic DNA.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

I guess the first thing I would say is we start by trying to attract digital-native talent in all the geographic markets around the world. And we have lots of different types of people that we need to attract. We have people who are creative artists. We have people who are deep analytics experts and just a wide variety of talent that we need to bring in.

So we spend a lot of time trying to get to know the market, understand the talent and help them understand how Accenture works with clients to create value. At the same time that we're attracting talent externally we're also retraining our existing talent base within Accenture because as you have heard all of Accenture is going digital.



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So we spend an incredible amount of time creating our open learning boards and creating a lot of things that our HR team has helped us design and implement over the past year. And we've delivered literally hundreds of thousands of hours of training internally to help all of our existing professionals understand what's happening and how they can develop additional skills that are relevant to the client base.

We are acquiring companies and we had a question earlier today about the cultural impact of making all of the different acquisitions we've made. I can tell you one of the things that we do do is we use the Accenture Strategy work that we do around culture assessment, so that when we look at potential acquisitions we actually do a culture assessment of the company to make sure that we've got a good fit in the underlying core values of actually focusing on client value first. So we do spend a lot of time looking at how we gather talent from the industry and attract it into Accenture and at the same time continue to focus on redeveloping the team that we've already got.

David Togut - Evercore ISI - Analyst

Just as a quick follow-up could you comment on the trends you're seeing in digital in terms of wages and also in pricing to the extent, are you effectively offsetting with higher prices any increase you're seeing in wage trends in the business?

Pierre Nanterme - Accenture - Chairman & CEO

I think so far so good indeed. We have no, I don't think we have any issue attracting talent.

You see how much we've been growing Accenture Digital and growing talent with very specific skills from design like the Fjord people to analytics and the business scientists we've been hiring, and recovering this cost in the marketplace. So far we're pleased with where we are.

Lou Miscioscia - CLSA Limited - Analyst

Lou Miscioscia here at CLSA. So you all have had a great year, congratulations and we'd like it to continue. I guess maybe could you shed some light on where the extra revenue is going above what I guess budgets are in IT for enterprises, are probably flat to up couple of percent maybe? I realize that there is a lot of CIOs trying to not spend on legacy putting money into this but there also has to be money coming from CMOs and CEOs. So the more you could define that and give us I guess comfort that this year coming up we'll see an acceleration of growth as you provided last year would be great.

Pierre Nanterme - Accenture - Chairman & CEO

Yes, David will provide the guidance and the direction of Accenture. But answering your question around where the investments are coming from, from a client standpoint, which I think is your question, is indeed I mean our hypothesis is frankly the overall industry is pretty stable. And moving forward, we don't expect the market to grow more than in the range of the 4%, which is what we've seen these last couple of years. So we don't see much change.

The point is exactly what you said, is to be able to tap on multiple budgets in our clients. And when I looking at now with the different businesses we have we are indeed relevant for business unit leaders, C-suite for the consulting and the strategy business which is -- and the budget is typically around this business leaders part of the organization.

Then if you move to the IT, it's more the traditional IT budget, especially for more the classic application services, going to be more around the CIO budget. And indeed we are opening up with the CMO and the other, budgeted around digital. And this one today is less organized if you will, you will find in the CMO, you will find in the business leaders, you would find a few as well around the technology and the job.

And across the five businesses we have indeed a unique opportunity to tap on these different investments to drive the Accenture growth. And the new organization we put in place has probably opened up access to different budgets. And when I'm thinking about what we're doing now with the IoT, for instance on the connected ship you mentioned with Hyundai, then you're addressing the budget of the OT, the operational technology.

So the CMO, the operational technology, the information technology, the business unit leaders, we have -- we are relevant to multiple places where we can address budget. Many hands, so I guess you are all very keen and excited with our strategy.



Jamie Friedman - Susquehanna Financial Group/SIG - Analyst

So I wanted to address -- it's Jamie Friedman at Susquehanna. It wanted to address a question to Bob Sell if I could. Since this is the year of the Bob. So --

Pierre Nanterme - Accenture - Chairman & CEO

Now I'm scared. But go ahead.

Jamie Friedman - Susquehanna Financial Group/SIG - Analyst

I was wondering if you could decompose a little bit the C, the M and the T in terms of vectors of growth? Or to use some of the language that you used previously, you talked about the disruptors versus the disrupted. What's the cadence between the C, the M and the T and the disruptor versus the disrupted in terms of spending as we go forward?

Bob Sell - Accenture - Group Chief Executive, Communications, Media & Technology

Well, it's a great question. I could go a lot of different ways, I'm sure many ways I wouldn't answer really what your question is, would I? But I'll start with what Pierre just finished with on money.

If we were still chasing what we chased in CMT 10 years ago there's no way we could have grown 16%. We had a business that fundamentally was supporting billing systems and back-office functions at most of the major telcos around the world. That's not a business that's growing 16%.

It's still a large part of our business but telcos are spending roughly this year about \$250 billion in capital. It's not on IT anymore, it's on the network. And so when you have a large telco spending \$10 billion to \$15 billion a year on network you better be in network and that's leading in the new, rotating to the new.

The cadence, if I get the question right, relative to the C, the M and the T, in the C space it is about that incumbent revenue base, the costs and the structures aligned with that. It's tens of billions, hundreds of billions of dollars in that industry. And there is a dramatic move and transformation away from that to the new.

So how you tell stories and how you build a business, it's really about the network. It's services hanging off the network. Each of those players wants to get into a value-added service play and that would include not just telco operators but cable companies as well. So think of that as a rotation from legacy to the new, think of that as holding onto incumbency as long as I can but transforming my business in dramatic ways to get to a different future.

The media guys, and I started as a media guy, Debbie and I worked in media back in the mid-1990s, we saw what happened in the music industry and that informed our vision as we continued to drive out. That was an industry that was eviscerated by digital between 1996 and 1999.

So for some of us this is kind of old news. Once that stuff could be digitally distributed and we had devices that we could consume it on that were relatively user-friendly, the world changed for them, disappeared almost overnight.

And so the media companies, though, have always had this benefit and they used to say it back then, content is king. So it's less about transformation, they have been digitized for a decade, decade and a half, maybe in some instances two decades.

So what it really is there, it's about monetization. So it's about front-edge utilization of content. Their content is unique, original programming matters, Netflix and those that are getting into that business, it's a much different play and that's a real revenue play.

It's less about cost structures and efficiencies and transforming per se. It's really front-edge digital distribution, monetization of content.

Then you have the big uncharted turf. And you think of electronics and high-tech, you go all the way from, we heard a story about Airbus, aerospace and defense, all the way to software, you've got the network equipment providers in the middle of that. You've got some of the other user, more user-oriented consumer equipment folks in there and then all of the other players. So that's a wide swath of business that goes anywhere from the incumbent revenue base issue all the way to the reinvention space.

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When you think about, I was saying earlier, this change in the world and this change in the market, just think of device proliferation, the me too-isms, the one up-isms, the leapfrogging that goes on in that space. Companies that were powerful, that are in the top three or four mobile providers just two or three years ago are literally out of those businesses now. Now some of them are out of business generally.

And so there are a full suite of, whether its strategy, consulting, a lot of operations, certainly digital and a lot of technology, I would say probably our breadth of services is most applied in the electronics and high-tech space just because of the breadth of the challenge, the speed with which they operate and the nature and really, as Pierre likes to say, this evolving space of winners and losers. And there's a lot of winners and losers in that space and we try to play at both ends.

The one thing I would say is, in the media space we also, it's where we put our social and Internet. And the strength of the social and Internet space and I say this because they're our clients and I say it with a smile but they're of course, just ask them, some of the smartest people in the world. They are reinventing the way the world works and lives and they are bold about that.

So do you do a lot of strategy, do you do a lot of consulting? Not yet. In pockets and in pieces. The real opportunity there is scale. And Mike mentioned earlier when you can stick in a business operation function, and it might be F&A in certain spots, it might be procurement, it might be other value-added services and you can ride their growth curve I would suggest a lot of what you see in CMT this year is riding those growth curves with scale from some of the operations and some of the technology work we do there.

So again that's almost a fourth dimension of rotation and dynamic that we're dealing with. But thanks for your question.

Pierre Nanterme - Accenture - Chairman & CEO

Maybe I see Rod here and we take a few questions. And we'll try to make short and insightful answers.

Bob Sell - Accenture - Group Chief Executive, Communications, Media & Technology

Well, it was my year. I guess it's over.

Pierre Nanterme - Accenture - Chairman & CEO

No, no, no. You have more time because this is the year of the Bob.

Bob Sell - Accenture - Group Chief Executive, Communications, Media & Technology

It's over now.

Pierre Nanterme - Accenture - Chairman & CEO

We gave you four minutes and now we're done.

Rod Bourgeois DeepDive Equity Research - Analyst

This won't be an insightful question, but you can make up an insightful answer. I want to talk about acquisitions. So Accenture's past has been about a 1% revenue contribution per year from acquisitions. Your guidance for fiscal 2016 currently assumes about a 2% revenue contribution. And so my question is could that fiscal 2016 contribution from acquisitions end up being substantially more than 2%? And beyond fiscal 2016 should we be expecting Accenture to be a more acquisitive company, potentially even with larger acquisitions where that contribution could scale up beyond even the 2% level? And I have a part B to my single question.

Pierre Nanterme - Accenture - Chairman & CEO

All right. So I'm not going to comment on -- I can answer your question and will, and I'm sure David will provide color on this either now or later this morning.



We have not changed our philosophy. We have an approach at Accenture around acquisitions, which is so far very clear. Yes we want to leverage our cash to make acquisitions in order to accelerate our rotation to the new.

That's why we are doing acquisitions. And as you've seen, especially around three areas – access to new, capabilities in the new we don't have internally, I mean the Fjord, the Acquity and some others.

Second, deep industry expertise where we believe as well that we can grow this industry through hiring these deep industry experts. You have I mean the Javelin, the Hytracc, the Structure and the others. And the scale to lead – like Procurian, like the Cloud Sherpas, we already are leading but we are building that through being the consolidator we can take a market maker position. And with the market maker position you have the flight to the leader kind of position, exactly what we enjoy with Procurian. Since we made the acquisition of Procurian combined with what we had in procurement we had a growth above what we made because we have this flight to the leader.

From a capital allocation standpoint we've always been very clear that we aim at deploying in the range of 15% to 20% of our [operating cash flow] [corrected] in acquisitions. And all of this driving something around 20% of our growth. It might be 10%, it might be 15%, it might be 20% but this is the model where we are, and so far it has not changed in terms of the philosophy.

We have the opportunity to do more if we want. But the bulk of what we do is again these parameters. Now acquisitions might be a bit lumpy when you have opportunities. So one year might be a bit more, one year might be a bit less, one quarter might be different from another one. But the parameters are these ones. And so directionally, we grow organic at Accenture, we grow organic. And we make acquisitions to have access to something we don't have and scale within Accenture. I guess, David, that would be a fair answer?

David Rowland - Accenture - CFO

Yes, I mean just to briefly round it out. So I did say about 2% contribution in fiscal 2016 on the earnings call. And we called that based on what we see now including the deals that we've announced just recently, so Cloud Sherpas for example would be in that number.

You asked a hypothetical, could it be higher. Typically I don't answer hypotheticals but the logical answer is sure, it could be. We'll have to see how the year plays out.

And as you know while we are committed to an organic strategy and I'll reinforce this a little bit later, you don't always know the timing for how opportunities are going to develop and evolve and then when you're going to sign and close the deal. And that obviously would impact where we end up this year.

The important point, just to go back to what Pierre said, is that as important as our acquisition strategy is to our overall growth model, and make no mistake about it, it's very important, but also make no mistake about the fact that we are an organically-driven company, 9.5% roughly organic growth in the year we just closed out. So we don't acquire companies just to bolt-on revenue.

We acquire companies to extract the synergy into an existing part of our business for the three reasons Pierre mentioned so that we can use that as an accelerator of our organic growth. That's what we're about with our acquisition strategy.

Pierre Nanterme - Accenture - Chairman & CEO

You had a part B?

Rod Bourgeois DeepDive Equity Research - Analyst

Yes, I will try to make it fast. So a lot of firms in the industry are pursuing more software revenue content. You have the experience with Duck Creek. And so I'd like to know especially after the experience with acquiring Duck Creek do you want Accenture to have a lot more software revenue content? Or are you going to continue to be very choosy about moving into spaces where you become a software company as well?



Pierre Nanterme - Accenture - Chairman & CEO

We've been clearly the latter. We've been very choosy, when we developed in Duck Creek because in insurance we did not have a partner where we could leverage the technology. And we believed that insurance was a good industry for us to grow. You did not have any technology or software provider. We decided to be the one. So we are extremely selective in the way we are developing our software portfolio.

Insurance is clearly the one where we decided to invest. For the rest our strategy is to leverage our partners. And this is the work which is very well done by Paul and the team, is first to leverage the investments and the technology of our partners.

And to some extent this is what you see, the technology partners are re-concentrating on investing in solutions and much less in services. And the services companies, we believe, should as well invest in reinventing their services. And this is what we presented this morning, and there is a great deal of reinvention we can drive and leveraging the partners. And I guess this is the way I see the market moving forward, everyone being, refocusing on their sweet spot.

Brian Essex - Morgan Stanley - Analyst

Brian Essex from Morgan Stanley. So thank you for taking the question. So a question for you, Pierre, if we look at legacy models of leading with consulting to own the maintenance business but then the pricing pressure or commoditization exposure you might have with a maintenance business historically, how do you think about the new model of leading with consulting to own the services stack and position the company to avoid potential commoditization or deteriorating value going forward?

Pierre Nanterme - Accenture - Chairman & CEO

You mentioned that, fighting against commoditization is the name of the game. Now part of the business will be around managing legacy and commodities, so here we are being as competitive as we could.

This is exactly the job of Bhaskar. And part of the business is to make sure that with the GDN we are as competitive as anyone to compete in what might be the legacy market. But our goal is indeed to get out of this space and to innovate, to reinvent the services to move out of this commodity value trap if you will and to have and to find value elsewhere.

This is why we're looking at the five, and not only at technology, but I think what you're getting this morning is we're rotating to the new Strategy, Consulting, Digital, Technology and Operations. Each of the five I would recognize as probably part of the legacy kind of work we're doing where we need to be competitive, and nothing wrong with that.

But of course we are significantly shifting each of the five to new sources of value. Strategy is by bringing more digital technology in our strategic work. In consulting is to drive transformation with a great deal of Mike and Shelly kind of technology.

You've seen Bhaskar, because of course a big bulk of what we do is around this application services, which is a multibillion-dollar business at Accenture. And in order to fight the commoditization, you heard Bhaskar, we're moving to a new way of developing liquid, connected and intelligent. And I'm sure Paul could elaborate on this but to capture the idea, is to make the code more fluid, more agile, more intelligent, more digital-native in the way you develop the code.

And we're going to open liquid studios and the first one is going to be in San Francisco. And we're going to put liquid studios around the world which is the new way of making a development. And at the same time Bhaskar and the team as well Mike are working on automation.

So making the way we do the business more productive. You heard about the famous nanobots of Mike Salvino, how many nano -- 6,000?

Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

4,000.



Pierre Nanterme - Accenture - Chairman & CEO

4,000 nanobots which are a piece of code, I mean, you're putting in your transactions that are automating the transactions. And Bhaskar is working exactly on the same, to make his technology shop if you will more productive. So more productivity and then innovative solutions or services to go where the value is and fight commoditization.

Tom Lloyd-Butler - Grand-Jean Capital - Analyst

Hi, I'm Tom Lloyd-Butler from Grand-Jean Capital in San Francisco. I had a question regarding Oracle, SAP, Microsoft. You mentioned joint venture relationships with those companies. What are these circumstances under which they would partner with you for a customer's development? In other words as opposed to doing it themselves. And then roughly is that a big business and could you put some sort of scale in terms of how big those three or four relationships are for you please?

Pierre Nanterme - Accenture - Chairman & CEO

They are big. They are very big. And critical, I don't know whether you will be able to give some views... I mean last year we mentioned what we've been doing in ERP, David, which might be a kind of proxy of --

David Rowland - Accenture - CFO

So last year we said ERP was at about 20% of revenue. And it is that or slightly lower. So that's the size of our ERP business, 20% of our \$30 billion.

Pierre Nanterme - Accenture - Chairman & CEO

Okay let's say \$6 billion-ish to be, because I'm just making the math --

David Rowland - Accenture - CFO

You're good at that. So that's a great answer.

Pierre Nanterme - Accenture - Chairman & CEO

20% of \$30 billion is probably around \$6 billion-ish. So that's something which is important, if I'm talking about the ERP only. With them we're doing more than ERP, with Microsoft we could do cloud, including with Oracle and SAP we have all the services, but it will give you a sense that this is very meaningful.

Why are they working with us? Because they want two things. They want Mark Knickrehm, they want the Bob as well. And what they are providing, they are providing the access to leaders in our organization. And access to leaders not because they know them but because they have something to say which is compelling which is differentiated around transformation. That's why they want to work with Mark, they want to work with Bob and many others to be part of the transformation.

Second, they want to have access to industry expertise. Because they have the technology but the question is not so much the technology it's how you're going to use the technology in banking, in capital market, in consumer goods, in retail, in freight and logistics and so forth.

So what they want, it's always the same. You Accenture, you have the access based on the industry knowledge and the transformation capabilities. We have the technology.

That's why today I mean this ecosystem is working very well because I guess we have done a bit where some of our partners wanted to do our job and move to services. I said, okay, let's reconcentrate on delivering the best possible technology and work with partners like us through forms of -- we have only one JV by the way, which is with Microsoft on Avanade.



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The rest are more what we are calling business groups which is a unique kind of way of working together with strong commitment in terms of people, investment and so forth but not in the legal form of a JV. So it's a virtual JV if you will but it's not a legal JV. And this is why, right, Paul they want to work with us, is to transform their technology in the relevant and impactful industry solution that is going to create value for our clients.

Maybe last question before we all deserve a good coffee. Two questions. The last two.

Ashwin Shirvaikar - Citigroup - Analyst

Two questions. Ashwin Shirvaikar from Citi. First of all, I like the leading in the new. So congratulations on that. But leading in the new or rotating to the new as you guys said sort of implies a need to rapidly re-scale and in some cases maybe eliminate job functions as Mike had mentioned. So can you speak to the investment needed for that and loop in how does that juxtapose with the GDN additions that you're making that are fairly significant? Are you hiring a different kind of person in your GDN now compared to say five years ago?

Pierre Nanterme - Accenture - Chairman & CEO

Maybe I can direct that to you, Ellyn, and to make this a bit broader is indeed, I mean Ellyn, she is the best HR Director on the planet and she's working for us. So we're very grateful and I don't take that lightly because you've been recognized this year among the best HR directors.

And of course it's absolutely critical at Accenture on how we are keeping our people relevant, current, they are developed. And so we are not facing, I think this is the answer to the question, a kind of significant part of our workforce would be suddenly irrelevant and we would have a huge problem.

And so far through all what we've been doing over the years in growing, rescaling, developing we have a workforce which is always very relevant. So Ellyn, you might tackle this.

Ellyn Shook - Accenture - Chief Human Resources Officer

Yes, just a couple of points on your question. First of all, we take the development of our people extraordinarily seriously. Pierre mentioned briefly that last year we invested about \$800 million in training and development of our people, so it's a significant investment that we make.

And we approach it in a very innovative way. So we've really democratized learning because our people, we attract great people. They want to stay relevant and current and build their skills.

So democratizing learning through what we call Accenture Connected Learning enables us to deliver world-class, cutting-edge training in industry, technology and function, real-time and on-demand. Mike Sutcliffe mentioned our digital learning boards.

We have 800 digital learning boards that are the hottest trending topics along those three dimensions. And we have over 120,000 people that are following them. And that lets them choose where they want to get skills.

So one of the most popular ones right now is Hadoop. And so that's free access to our people. It allows them to keep their skills current and relevant as Pierre said.

We also have connected classrooms because it's important that we bring world-class faculty right at the point of need into where our people are and where our clients are. So we have a program with MIT where we bring MIT professors right into Bangalore through our connected classrooms and it's not distance-learning. It's not a one-way thing, these are classrooms that allow instructor-led training and interacting with our people to really help them skill at the point of need.

Finally the academies. Mike mentioned 10,000 people being upscaled into more higher valued skills. We've created academies so that we can, over a period of four to five weeks, really take the skills and knowledge they have and bring them up the value curve on innovation, analytics and Accenture Operations so that we're not, our people aren't becoming irrelevant because of automation, we're bringing their skills and capabilities up the value curve.

Pierre Nanterme - Accenture - Chairman & CEO

Very good. And we are going to take the very last one and then we will move to the break. There is going to be another session of Q&A.



Darrin Peller - Barclays Capital - Analyst

Thanks. It's Darrin Peller from Barclays. Just on the competitive landscape, you're growing at a pace that's much faster than the industry. You're taking share. So really just to hone in first of all on who are you taking share from in the different categories? And really I guess to hone in a bit even further the areas that you're truly growing the digital areas, the fastest, are you are there areas there that you stand out above and there's really not a lot of competition that you're really finding the RFPs to be a little smoother or I guess what's changed? And then really who's not there anymore? And then as an add-on to that, when it comes to the labor arbitrage opportunity we heard a lot about over the past decade or two really those were a lot of the big competitors that were trying to take share from you guys. Are you seeing less demand from your clients for that type of offering and more just the focus on other types of outsourcing and investment in the new?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, one it's about competition. As you mentioned in our five businesses, indeed we have some very specific competition and the role of our leaders in each of the five is to make sure that we are extremely competitive in strategy against the usual players, the usual suspects if you will.

You know the names, the Mac, the BCG, part of the big four. In consulting, indeed, what we are calling the big four are all extremely active and we are competing with them. With the Accenture Technology it's going to be more with the IPPs.

So strategy pure players in Strat, big four in consulting, IPPs in Accenture Technology. And I believe that in Accenture Digital and Accenture Operations we're making the market. And we are more the market maker. So again, there is no arrogance but the competition is much more fragmented and we are doing things the competition is not doing. So that's the way I would frame it.

In digital we are today the only one with our \$7 billion digital-related services, leading in the top three in Accenture interactive, leading in mobility, leading in analytics and leading end-to-end. So I couldn't see and we're watching that very carefully, I'm spending probably most of my time watching the competition. It's something I'm doing every minute of every day to understand what's going on. But in Digital we are the one and in Operations as well we are today the only one with this concept of operations from business process to cloud and to security. So we have three where we have the usual suspects and we have two where we are making the market.

I think it's time for a break, KC, right? So we are all going to refresh, take energy back, I hope you have a lot of energy, and we start at 11 sharp to hear from David Rowland. Thanks, have a good break.

PRESENTATION

Unidentified Company Representative

Ladies and gentlemen, please welcome back Chairman & CEO Pierre Nanterme.

Pierre Nanterme - Accenture - Chairman & CEO

Okay. No need to applaud. (laughter) It's only me; I'm just back. I don't know why they are making these kind of big announcements. But -- okay, so now we're going to move to the part two, and of course, I'm sure, you are always expecting a lot to hear from David Rowland, our Chief Financial Officer, about where we're taking the organization – from where we are, especially regarding next year... what are some of our principles from our way of allocating our cash and driving our financials and delivering the return to our different stakeholders, including shareholders.

I hope this morning has been quite informative for all of you and you understand what it is we're doing, rotating to the new, what we mean by the new and why Accenture is taking a leadership position.

Thanks a lot for the good dialogue we had and the good questions. We will have another session in 30 minutes where we are able to continue the dialogue.

But without more introduction, the man you are waiting for – David.



David Rowland - Accenture - CFO

Thank you. That's quite a tee up. (laughter) Okay, thanks, Pierre. Good morning to everyone. It's always nice to have the opportunity to see so many of you in person. I as well hope that you found the session to be informative. Of course, the group on my left thinks it's been outstanding and we hope you share that view.

From my perspective, there are many things that I think you could have taken from the morning but three themes that I hope you took from the morning were, first of all, just how distinctively we're positioned in the marketplace. I think the second thing that comes to my mind is the extent to which we have truly rotated our business to the new over the last two years certainly. And then the third thing is the unique position that we have to be a leader in the New; hence the theme of the meeting.

I've been with Accenture now for -- it's hard to believe -- over 32 years, and I can truly say that this is as exciting a period to be at Accenture as I have ever seen or experienced, so I think we have a lot to be excited about. And from my perspective, our future has never looked brighter.

Of course at Accenture, we are in the business of producing results for our clients and for our shareholders and I think perhaps the best evidence of our winning strategy is in fact the results from fiscal 2015. Pierre mentioned this in his earlier comments, but I want to acknowledge again that fiscal 2015 was truly a significant year for Accenture across so many fronts and certainly from the perspective of driving significant financial results and value for our shareholders.

Our success in 2015 I think is self-evident in a few of the headlines that I captured on this slide, but the real story, as you've heard this morning, is what's underneath the results and the extent to which our operating groups and our five businesses have executed our strategy at scale, literally transforming our business and positioning us to lead in the New.

And I think equally important, fiscal 2015 was yet another proof point, a proof point that we have an exceptional leadership team, one that I can honestly say I believe is as good as it gets in our industry. And I think what we've demonstrated in our leadership team collectively is that we've got the ability to manage our business with rigor and discipline, to deliver the results in the quarter and in the year while at the same time investing significantly in our business to position ourselves for long-term market leadership.

So, this morning I want to turn the page now and to talk briefly about where we go from here to drive sustainable shareholder value in 2016, but really even beyond.

But before I get into the details, I want to remind you of the guidance that I provided just a few weeks ago and elaborate on just a few points.

As we enter 2016, we remain very confident in our business and we view our overall guidance as being indicative of continued momentum. And, I hope that you got a sense of that confidence through each of our presenters earlier. When I reflect on the earnings call, clearly the metric that attracted the most attention was our topline revenue guidance of 5% to 8% growth in local currency and I thought it would be helpful just to reiterate a couple of points that I made as part of our earnings call, things that influenced the way we set our guidance.

First of all, our view is that the macro environment on balance has a higher risk profile and increased volatility relative to where we were a year ago when I stood in front of this group, and in fact, perhaps relative to even 90 days ago.

The second factor, and Pierre alluded to this, is that when we look at the market growth rates, as we define them based on our basket of competitors, we see a market that is going to continue to grow in the same zone, roughly in that 4% range. So really, no -- we don't see any catalyst that would drive a material change in the market growth.

And then third, at the same time, somewhat offsetting those, is that we do remain very confident in our business and our ability to execute our growth strategy. And because of that confidence, it's important to reflect on that -- across the entire scope of our guidance, we would be growing faster than the market. And in fact, at the upper end of the guidance, we would be growing two times the market, which we think would be an outstanding result.

If I look at our growth from an Operating Group perspective, we expect each of the five operating groups to be in the range of Accenture's overall growth rate, our overall guidance range. So in other words, we expect very balanced growth across the five operating groups in 2016.

So when you step back and look at our business outlook, we are encouraged by our business momentum and the visibility that we have in the early part of the year. But our guidance range, as you would expect, reflects a variety of scenarios based on the factors that I referenced. At the same time, and you've heard me say this many times, we work hard every day to be as high in the range as we can possibly be. That's our focus and that's what we're working on as hard as we can to try to deliver.



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Last year at Investor/Analyst Day, I introduced three imperatives that underpin our ability to drive sustainable shareholder value and then subsequently, at each of our earnings calls, through last year, I would talk about our results in the context of those three imperatives. So you should recognize the three imperatives as being durable revenue growth, sustainable margin expansion and strong cash flow and disciplined capital allocation.

Anchoring to that same framework, I would like to talk about how our 2015 results and our business outlook for 2016 reinforce our ability and strength and our confidence level and our ability to execute against those three imperatives.

So let's start with our imperative for durable revenue growth. The foundation of our strategy is to create a growth engine that consistently drives growth faster than the market, allowing us to take share and to extend our position as a market leader. At the heart of the strategy, as you've heard from Pierre and others, is our focus on driving market-leading growth across our five businesses, each unique in terms of the market growth for the business, the competitors, the capabilities and the offerings.

Our results in 2015, which you can clearly see on the slide -- I'm not going to read them to you -- demonstrate the balanced growth and scale that we have across each of these five businesses. I will point out somewhat as an administrative note that we have re-baselined the FY14 numbers that we provided last year as we've continued to evolve our reporting along the lines of these five businesses. And the explanation for that re-baseline and the re-baseline numbers will be posted to our website.

As we look forward to fiscal 2016, we expect continued balanced growth across each of these five businesses. We expect to see continued strong double-digit growth in digital-related services. We expect our Operations business to grow in the upper single to low double-digit range. Application Services is expected to grow in the mid-to-high- single-digit range and our combined Strategy and Consulting business is expected to grow in the mid-single digit range.

But as I stated last year, the important point that I want to convey is what you should take away from this aspect of our strategy, this part of our strategy that is focused on these five distinct businesses. And I would suggest that there is five important points.

First, we believe Accenture is unmatched in our ability to compete and lead across each of these five businesses.

Second, we have scale and balanced growth across each of these businesses as a foundation for being a market leader in all.

Third, we have a distinct growth strategy. We gave you a glimpse into that as we went through this morning, but a distinct growth strategy and strong management accountability for each of these five businesses and certainly our fiscal 2015 results provide strong evidence of our ability to execute.

Fourth, we have the ability to offer services in each business individually, but we also have the ability to provide end-to-end services across two or more of these businesses in a way that allows us to solve our clients' most complex problems and drive significant value. We believe that that characteristic of Accenture is one that truly distinguishes us from other competitors in the marketplace.

And then fifth and most important, we are leading in the digital wave. Again, 35% growth in 2015 with a lot of confidence as we have now turned the page into 2016.

So our ability to execute our growth strategy at scale across each of these five businesses is the first important component of our model for durable revenue growth.

As Pierre and Paul mentioned earlier, our business is rapidly rotating to the New, so I don't want to be redundant but I want to just restate some of the points that you heard earlier in the context of how this plays into our model for durable revenue growth. Again, as Pierre mentioned, Paul as well, the New encompasses digital-related services, cloud-related services, and security-related services, and as this chart illustrates and as you would probably expect, there is some overlap between these three. But we estimate that these three areas of our business in fiscal 2015 represented about \$10 billion of revenues, roughly one-third of Accenture's business net of any overlap. So this represents net of any overlap about one-third of our revenues, which is a strong indication of the scale that we've built. And, of course, as we look to fiscal 2016 and really beyond, we expect the New to continue to grow significantly faster than the average of Accenture. We'll fuel this momentum with investments, rapidly scaling this part of our business to become an even larger percentage of our total revenues and again further enhancing the durability of our revenue growth model.

In previous sessions, and again today, Pierre and I have highlighted an important element of our strategy being the role of acquisitions as an engine for organic growth. I referenced it earlier and Pierre has referenced it several times. No doubt this is an essential element of our growth strategy and one that we feel like we have managed very effectively over the past three years. Pierre mentioned that we have invested roughly \$2.5 billion over the last three years across 38 transactions and in fiscal 2016, we expect that we may invest as much as \$900 million to \$1 billion as we look to accelerate the New, acquire deep industry expertise and scale to a leadership position in markets that we find to be attractive.

And when you look at how we're executing this part of our strategy, our acquisition strategy, I think there are several points which are worth noting.



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First, we have a focused strategy with clearly defined priorities and criteria for how we evaluate target companies and the best evidence of this is that if you look at the acquisitions we did in 2015, 70% of our invested capital was in the New as our highest priority area.

Second, we now have significant experience in successfully acquiring and integrating businesses, 38 transactions and a portfolio that is meeting our financial expectations and delivering significant value to our business and to our shareholders.

Third, we have the financial capacity to invest and we're committed to using that capacity.

And fourth and perhaps most important, and Mike Sutcliffe referenced this in the context of Digital, we're viewed by the market as being a very attractive company to be acquired by. Almost all of these transactions are competitive and we found that companies want to be part of Accenture. They value our brand, our channel, our culture and our ability to be good stewards for their people and for their clients and this has clearly worked to our advantage over the last three years.

So executing our acquisition strategy at scale will continue to be a key contributor to the durability of our revenue growth in the future.

Another important aspect to our growth strategy is our pursuit of focus and scale in everything we do. It's essential to how we drive our business, yet I don't think it's something that is really understood well externally. So I want to just briefly share some insights with you.

There is no doubt that we have a large and diverse business, but when you peel it back you find significant focus and scale in key areas of the market. To be specific, as you see on the slide, roughly 80% of our revenues are focused on nine industry markets, roughly the same percentage on our nine largest geographic markets and approximately 150 Diamond Clients driving just above 50% of our total revenue. So in fact, we are very focused with a strong leadership position in the largest and most important industry and geographic markets in the world, working with and having very established relationships with many of the most respected global companies.

And again, this is key to our market positioning and the fourth factor that I want to highlight that underpins the durability of our revenue growth model going forward.

So let me move to our second imperative which is sustainable margin expansion. Some of you will remember that last year I described four primary areas of focus for driving sustainable margin expansion while at the same time creating the financial headroom to continue to invest at scale in our business and our people. The key concept that I introduced last year was our intent to leverage our five distinct businesses and our new talent strategy to manage our business and our people in a much more targeted fit-for-purpose manner recognizing again that each business has unique competitors, economic profiles and talent strategies.

At the same time, we were focused on raising our game in how we optimize the economics across the diverse portfolio of businesses we have in Accenture. And, finally, continue in our ongoing focus to increase the effectiveness of our business operations costs.

In fiscal 2015, I'm pleased to say that we made significant progress across all four areas which allowed us to deliver 20 basis points of margin expansion. But in fact the real story is that underneath the 20 basis points of expansion, we delivered significantly higher levels of improvement in our underlying profitability which allowed us to invest significantly in our business and our people while still delivering on our external commitments. And there are many examples of our margin improvement strategy in action, but let me just name a few.

First, our fit-for-purpose management allowed us to make good progress in our pricing discipline and our cost competitiveness in each of the five businesses. We improved our overall payroll efficiency as we leveraged our new talent strategy and again, fit-for-purpose management of our human capital to manage payroll costs in a more granular and more market-relevant way.

And our pending sale of Navitaire and strategic partnership with Amadeus is a great example of how we have raised our game in managing and optimizing the economics of our portfolio of businesses and that we have the courage to make bold decisions in that regard.

Looking forward to 2016, we continue to believe that each of these four areas offer significant opportunity to not only support our modest margin expansion goals but to also continue to create the capacity that we need to invest in our business and our people.

The third pillar of our shareholder value model relates to cash flow and capital allocation and really in this area, the messages remain the same. Our business model and drivers of strong cash flow remain intact. There is nothing fundamentally different about our business model today from what it's been in the past, and while cash flow can ebb and flow from quarter to quarter or year to year primarily related to timing factors, we continue to have a business that has the capacity to generate free cash flow in excess of net income as illustrated by our FY16 guidance.



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We continue to be disciplined in our capital allocation, first investing in our business and then returning excess cash to shareholders. I shared two weeks ago that we're targeting \$4 billion of cash to shareholders to be specific. So this is a strength of our business and I believe will continue to be a strength in the future.

So to briefly summarize, there are really two key points that I want you to take away. First, fiscal 2016 is about continuing to execute our growth strategy at speed and at scale, extending the momentum that we have in our business. We're focused on growing faster than the market, expanding our margins and generating strong cash flow.

And then second, for the reasons that I mentioned and others, we believe that we have a durable model across the three essential elements of driving shareholder value with an intense focus on execution. As you can see on the right-hand side of this slide, the results are the strongest proof point, as our shareholders have enjoyed significant returns in recent years.

Having said that and as I'll always say, we take nothing for granted. We understand that we are in a very competitive, volatile world. We're in a very competitive sector and we understand we have to fight hard every day to continue to deliver these results. But I have to say that I feel great about our business. I feel good about our future and I feel good about the hand that we have as we are now into fiscal 2016.

So with that, Pierre, you want to rejoin me?

Pierre Nanterme - Accenture - Chairman & CEO

Oh, yes, with pleasure. 24% TRS over five years, not that bad. So we're going to take your questions. But we're very fortunate to have David Rowland as our CFO. I will just say a word about David because David is extraordinary, strategic and it's just a pleasure working with him because he's looking at our finances in the context of supporting and executing our strategy while indeed striking the right balance between investing and return to our shareholders. But the fact is that -- and it's true for all the leaders -- we all have a kind of strategic mindset on what it is we need to do to grow and to execute our growth strategy. And then with that, what other investments we can afford to make to fuel the business while continuing returning the right return to shareholders. So he's really a gifted man striking the right balance.

David Rowland - Accenture - CFO

Thank you. Right back at you. (laughter)

Pierre Nanterme - Accenture - Chairman & CEO

All right. We have time -- a lot of time for questions. So, ladies first.

QUESTION AND ANSWER

David Rowland - Accenture - CFO

Yes, Lisa, you want to jump in? Was that where you were pointing?

Pierre Nanterme - Accenture - Chairman & CEO

We have two.

David Rowland - Accenture - CFO

Okay. Side-by-side, I didn't see both hands.



Lisa Ellis - Bernstein - Analyst

It's Lisa Ellis from Bernstein. Both of the Mikes earlier talked about platforms and deploying platforms both in technology and in operations. David, can you just dimensionalize for us how much of revenue is currently in that type of output or outcome based pricing and where you see that going over the next three to five years and how that changes the risk profile that sits underneath that, the margin profile, etc.?

David Rowland - Accenture - CFO

Yes. Thanks for the question. I understand your interest in knowing that. We have not shared that externally to this point and I don't think I'm prepared to do that today. But what I will say is that it is an important trend when you think about the transaction-based or consumption-based models. There is no doubt it's an important commercial model trend in the market right now and it will become even more important over time.

I would say on balance -- and I think the two Mikes would agree -- we're early stage in that type of commercial model, so you could conclude from that that while it's an important trend in the market, in terms of what it represents as a percentage of our business, it's relatively small, it is early stage. But we think we are well-positioned.

We put, as we do with most things -- we have put a lot of effort into anticipating this as not only a client service model but also a commercial model and how do you manage economics and optimize economics and I would say so far, the results have been so good. We're very pleased with the economics that we see out of these consumption- or transaction-based models and we're not threatened by it in any way, shape or form. We see great opportunity both in terms of growth and profitability.

Over time, as it matures, we perhaps will share information more specifically, but right now it's just too early stage.

Pierre Nanterme - Accenture - Chairman & CEO

Could you bring a mic here to this lady?

Sara Gubins - BofA Merrill Lynch - Analyst

Hi. Thank you. Sara Gubins from BofA Merrill Lynch. Last year you talked about SaaS implementations being about 15% less revenue than traditional on-premise but that percentage had been shrinking over the last couple of years in your presentations. Could you update us on the difference and maybe what percent -- what the adoption rate of cloud and SaaS platforms is by your clients at this point?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, when we mentioned, it was 15% less effort indeed when you implement a SaaS solution in the context of system integration. So when you are taking a project, you have typically the change management, the process redesign. You have the implementation per se and then you have the maintenance behind. And I think what we said, but I guess, Paul, you could comment on any recent analysis you made because we are watching that very carefully. What is this level of effort reduction, if you will, in system integration we've seen with SaaS?

Paul Daugherty - Accenture - Chief Technology Officer

Yes, just to build on that, Pierre, by saying that SaaS has really become a more mature part of our business at this point and it really is a full spectrum of services end-to-end that we provide in the SaaS -- when we're doing SaaS solutions for clients, as Pierre described. The trend we talked about in the past is continuing at the same -- kind of in the same direction with SaaS projects approaching closer to the size of the on-premise work we're doing and the guidance we gave last year is about -- still what we see. But it's a sizable part of our business now where we don't really look at that as much separately. It's really a blended part of our overall business. The SaaS business we do is more at scale and with those end-to-end services we provide, we're not concerned about the -- any kind of erosion or less work end-to-end. We see the same strong demand for our services end-to-end for the SaaS solutions we deploy.



Bryan Keane - Deutsche Bank - Analyst

Yes, hi. It's Bryan Keane, Deutsche Bank. You guys talked a lot about the new and you quantified it well with Digital and Operations. I guess I'm just a little bit curious about the old legacy business. Maybe can you help us quantify that, David? How big it is and what are some of the growth rates? Because obviously, when we look at Digital growing at 35 and Operations growing at 20, there must be something else dragging down the business. And so I just want to understand what maybe ERP -- obviously 20%. Is there other things we should think about and how fast is that growing? Is that going to decline at a greater rate this year? Just any way you can quantify would be helpful.

Pierre Nanterme - Accenture - Chairman & CEO

Yes, and just to comment... What you are calling the old, we call that the core. So just to -- (laughter) so we have the core and the new, there is nothing like the old at Accenture, except me. But -- (laughter)

David Rowland - Accenture - CFO

Yes, I mean I -- maybe just connecting some of the dots that we put out there, so we've given the size of Digital and you know the growth rate with Digital. We've given the size of the new. We are not yet giving the growth rate for the new in total. Perhaps we will evolve to that. That's about \$10 billion.

I would say that, the other point I would make just to -- related to your question is that -- things that are not digital-related services, cloud-related services or security-related services aren't bad things, right? They are the core and if you look at it, we have a lot of very value-added consulting and strategy business, as an example, that may not be within our digital domain or security domain, but yet is very high priority work that we do for our clients. And so I'm not going to quantify the growth on the \$20 billion versus the \$10 billion. You know that the \$7 billion is growing at roughly 35% and so you could do a math to calculate what's happening in the non-digital business.

Pierre Nanterme - Accenture - Chairman & CEO

I mean what you've seen and the numbers are speaking for themselves. If you look at consulting and strategy, what -- 8%?

David Rowland - Accenture - CFO

Yes.

Pierre Nanterme - Accenture - Chairman & CEO

When you look at application services, 9%, right?

David Rowland - Accenture - CFO

Right.

Pierre Nanterme - Accenture - Chairman & CEO

9% growth and indeed you have the Operations and you see the rest. So we are pleased with the core. Clearly the new is growing more rapidly than the core, but I guess the core is certainly growing with the market.

David Rowland - Accenture - CFO

Yes.



Bryan Keane - Deutsche Bank - Analyst

One quick follow-up. Have you guys thought about a target for headcount growth this year? I know you were thinking about sharing that with us today.

David Rowland - Accenture - CFO

Yes, so we hired over 100,000 people last year. This year again, we're barely six weeks into the year, I would say that we will be in that same range in terms of our hiring. At the end of the day, we're going to -- we will manage that carefully and there are a lot of factors that I think I also highlighted on the earnings call that will influence that.

The makeup of our revenue across the five businesses, how our pricing progresses, there is a lot of things in the mix but I would say roughly in the same range as what we did this past year.

Jason Kupferberg - Jefferies LLC - Analyst

Jason Kupferberg from Jefferies. I wanted to ask about the relationship between bookings and revenue growth because I know you highlighted on the last earnings call that we're not giving bookings guidance anymore because it's not as much of a leading indicator as it's been in the past. Can you talk about the reasons why that is? Is this just sheer function of size at this point or are there other underlying factors that are breaking down that relationship a bit between those two metrics?

David Rowland - Accenture - CFO

It's not that the relationship has really changed that much. We still look at the same book-to-bill targets. It's that -- one aspect of it was that frankly it was creating confusion. We've had two years where, frankly, completely unexpectedly to us the whole bookings guidance discussion became a big focal point and it was a distraction, we believe, to people really understanding what we were trying to indicate about the momentum in our business.

If you look at our aggregate book-to-bill ratio over the last four or five years and you could calculate the numbers, it's pretty consistently on a blended basis in the 1.1 to 1.2 range. And so if you wanted to extrapolate what our bookings might be behind our growth, you could apply that because again nothing really is fundamentally changed in that relationship.

If you look at our consulting type of work, which in our five business language includes strategy, consulting, and part of application services, that is systems integration kind of work, that book-to-bill is 1 to 1.1 and if you look at our outsourcing business, which is operations -- not all of operations is outsourcing -- and part of application services, it's about 1.2 as a minimum or higher.

And we're very consistent in -- with our bookings results in those ranges. So we just felt like -- it's actually a relatively straightforward thing to understand but yet it had become a distraction so we just thought it was cleaner just to focus on the revenue as the best indicator of future momentum.

Jason Kupferberg - Jefferies LLC - Analyst

Just to be clear, no change in revenue conversion cycles of bookings into revenue either in consulting or outsourcing?

David Rowland - Accenture - CFO

Not as compared to -- there is not any catalyst for change in what you are asking. If you look at where we are now versus what we've seen the last four or five quarters, no real catalyst of change.

Jason Kupferberg - Jefferies LLC - Analyst

Thank you.



Joe Foresi - Cantor Fitzgerald - Analyst

Hi, Joe Foresi. So my first question is just on the predictability of the business. As we move to a SaaS model or pay-as-you-go in cloud to some of the things that we heard in this Analyst Day, has it become more difficult to predict the business in general? And when you went in to decide what guidance would be like, was that methodology changed at all?

David Rowland - Accenture - CFO

I would say that we have to use different techniques for how we predict the business, whether or not it's more or less difficult. But as Mike talks about consumption-based models as an example, it's not that our clients are going to have drastic swings in a real -- as a general rule in a concentrated period of time. They, and we are helping them manage their business and so what it means is that when we have these consumption-based models, we have a different dialogue, a different technique, a different approach as we are working with and serving our clients on understanding what their demand is going to be over the course of the next three months, six months, nine months, a year.

Our clients want to do that with us because it allows us to provide the best possible service to them and so I wouldn't say that it's harder; it's just different and there's different techniques, there's different predictive methods that we use for consumption-based contract versus other types of our core business.

Joe Foresi - Cantor Fitzgerald - Analyst

And then just as a follow-up --

David Rowland - Accenture - CFO

Mike, would you agree with that?

Mike Salvino Accenture - Group Chief Executive, Accenture Operations

Absolutely.

Joe Foresi - Cantor Fitzgerald - Analyst

And just as a follow-up. I mean hiring 100,000 people one year is pretty impressive but one of the things we've seen historically is that human capital businesses often get in trouble because they have a lot of people and then if business starts to slow, it can create a huge issue because you're obviously driven by your employees. So are you doing anything internally to replace the human capital element with technology? And if so, could you highlight some of those changes?

David Rowland - Accenture - CFO

Either one of us can answer that. Do you want to --?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, I mean first, we have -- I think this plays into what we've been doing in the past. We've always been able to manage our supply demand the right way and I guess if there is one company who has always been superb -- sorry to use that word -- in managing supply demand, it has been Accenture. And look, today our supply demand and productivity is in the range of 90% -- 90%, and we have 350,000 people at Accenture. I don't believe there are many companies around the world which are driving that kind of productivity with so many people, while hiring 100,000 people and training them, skilling them, growing them and putting them at clients.



So I don't feel that we have any challenge. We know how to make flexibility when needed. It's baked in our human capital strategy as well, and baked in where and how we hire the people, so all of this is quite well understood, especially under the banner of Ellyn, but as well of all our business leaders. Supply demand is a very specific savoir-faire of Accenture.

Yes? a bit down here, second row.

Jim Schneider - Goldman Sachs - Analyst

Hi. Jim Schneider from Goldman Sachs. I was wondering if you could provide a little bit more context around the overall guidance and the macro factors that kind of underpin that. You talked about the overall caution which seems prudent given everything that's going on in the world. But can you maybe provide a little bit more color in terms of what you are hearing from your customers, whether that's -- customer forecasts have downticked, whether it's near-term bookings have downticked, or whether it's just an overall level of caution that you are placing on this given that we haven't gotten even into the early planning stages of your customers' IT spending forecast for the year? And maybe talk about any surprises in terms of geographies or verticals outside of like Brazil, energy, etc., that might be driving that? Thank you.

Pierre Nanterme - Accenture - Chairman & CEO

Yes, Sure. And I will let David bring more color of course. But if you will, as we speak now, October, New York, 2015, no, we've not seen a dramatic change in the environment, if you will. So when we are looking at the guidance, we're always putting three things together. The first is starting with our own momentum, right? Do we have the momentum in the business? Yes. So on this one, it was a yes. We are entering fiscal 2016 with good momentum in the business compared to last year at the same period in time and we feel comfortable with that.

Now, second, do we see anything different in our industry? No. We still believe that the industry is going to grow in, and around 4%, 4-ish%. So we don't expect there are going to be any wind -- tailwind coming from the industry.

And then you have the macroeconomic environment, things you don't know or might happen. Is it more complex than last year at the same period in time? Yes. Of course, yes. And especially if there are a few areas where we are watching carefully -- all the Resources verticals, especially energy and natural resources -- not that much utilities, which is a very different market and different profile, but energy, natural resources, all these commodity markets are under pressure. So we will see what might happen there.

And of course, you have the overall situation in a country such as Brazil, which for us you've seen is part of our top 10 countries. It's \$1 billion-ish, so on \$30 billion, it's not that material, but it is something we are watching carefully. So we are factoring all of this to provide the guidance and sometimes -- I'm just looking at some reaction and I understand where we are coming from with 2015, growing three times the market and having this great year, fiscal year 2015, but when you look at the top of the range, I will not qualify as conservative, or even shy, aiming at growing twice the market at the top of the range and in that case we would have more revenues -- dollars, right, David?

David Rowland - Accenture - CFO

Yes.

Pierre Nanterme - Accenture - Chairman & CEO

-- if we are hitting that target. So that's what we're putting. And commodity markets and maybe Latin America with Brazil might be two places we're watching. Now that being said, look at Brazil. Indeed last year we had double-digit growth in Brazil and we have a good digital rotation and we made good steps with Operations including the new mortgage business we launched in Brazil. So again, we are growing in Brazil, despite the market. Now we are thoughtful when we are looking at what might happen.

David Rowland - Accenture - CFO

Yes, great. Nothing to add really. Tien-tsin I think had his hand up right there.



Tien-tsin Huang - JPMorgan - Analyst

Great, thanks. Tien-tsin from JPMorgan. Just I guess, Pierre, I asked some of your team about Navitaire. I figure I would just ask you publicly. Because I could argue that Navitaire sort of fits and it doesn't fit in different ways. So why was that sort of a logical divestiture or sale for Accenture? Could we see more portfolio management like that where you could potentially address some pieces? And then for David, just the P&L impact of Navitaire, I would imagine that's somewhat profitable. Is that in the guidance? Just wanted to clarify that. Thanks.

Pierre Nanterme - Accenture - Chairman & CEO

I mean yes, if you are looking at divestiture -- portfolio management, let's call it -- yes, are we doing portfolio management in Accenture and in a robust and disciplined way? Yes, indeed. So every year on an ongoing basis we're looking at the different parts of the business and to understand where we need to accelerate our investments -- you have seen a lot of this -- and where we are looking at potential need easier to divest or to partner in a different way. And on Navitaire it's more the latter.

What -- we were pleased with Navitaire. Good business, driving good bottom line and reasonable growth, so something we were pleased with. But especially Sander van 't Noordende, leading Products, has been looking at it. That's how -- what could we do different in the context of the industry evolution? So we have these assets. Could we do more and better? That is what is behind Navitaire.

So it's not so much a divestiture in the classic finance kind of approach. It's could we partner with another player, in that context, Amadeus. Amadeus is positioned in some kinds of airlines and Navitaire is positioned in another segment of the airlines, and when we talk with Amadeus, we see the opportunity to create together the provider in the marketplace by doing a unique partnership with Amadeus, right?

And in that context, the transaction of Navitaire is in the context of building with Amadeus the leading company in that field. So to some extent I would not put that in a kind of classic divestiture, but more building a new business with another player, bringing Navitaire into that.

David Rowland - Accenture - CFO

Yes, on the second part of your question, the revenue to operating margin is reflected in our guidance. What's not reflected in the guidance will be the gain on the sale, which we will, obviously, report and disclose in the quarter that the transaction closes. So other than the gain on the sale, the revenue to operating margin is in there.

Pierre Nanterme - Accenture - Chairman & CEO

And as you know, we need to complete some steps.

David Rowland - Accenture - CFO

Yes, right. We're working through that --

Pierre Nanterme - Accenture - Chairman & CEO

On this one for full disclosure. We still have to go through some steps.

David Rowland - Accenture - CFO

We've worn them out. (laughter)

Pierre Nanterme - Accenture - Chairman & CEO

Okay. Before we close, last couple of questions and then we will wrap up.

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Bruno Paulson - Morgan Stanley - Analyst

Hi. It's Bruno Paulson from Morgan Stanley Investment Management. You talked about how in FY15 you would increase margins despite increasing the P&L investment. Can you talk through the scale of the P&L investment and how we should think about it and how much that increased?

David Rowland - Accenture - CFO

What I would say -- just to give you the scale -- what we delivered, the 20 basis points, the underlying margin improvement was multiples of that. And I don't think we want to get specific on -- but it was a much more significant increase in the underlying profitability -- 100 basis points or more in underlying profitability and the delta between that is what we invested into the business. So I'll go so far as to say it was 100 basis points or more which we use to create investment headroom.

Pierre Nanterme - Accenture - Chairman & CEO

Significant.

David Rowland - Accenture - CFO

Yes.

Pierre Nanterme - Accenture - Chairman & CEO

And this is totally consistent with the dialogue we have, is to have this margin expansion and at the same time, we are absorbing -- and we are not using any adjusting - adjusted approach. We are absorbing all our investments including the acquisitions and other investments we're making, organic and inorganic. And you've seen that we are investing more while continuing driving the 20 basis points margin expansion.

David Rowland - Accenture - CFO

Yes. Yes?

Uday Chatterjee - Manulife Investment Management - Analyst

Uday Chatterjee with Manulife. What CapEx assumption are you using for your free cash flow guidance and to the extent that your acquisitions are capability building and more recurring in nature, should we be viewing a part of your acquisition spend as CapEx?

David Rowland - Accenture - CFO

Yes, the number that we have is \$500 million for CapEx. Beyond the invested capital, the businesses that we're acquiring themselves in terms of being CapEx intensive, we don't have that dynamic in the businesses we're acquiring so there is not anything about the acquired businesses that would change the capital light model of Accenture.

Pierre Nanterme - Accenture - Chairman & CEO

Yes. And then we'll --

Eugene Durenard - WPS Advisors Limited - Analyst

Eugene Durenard from WPS Advisors. If we come back a bit regarding the new workforce that's coming online. You're saying you're going to hire about 100,000. Could you maybe break down whether it's a total figure or what would be the net figure? And also, out of the \$1 billion of acquisitions that you expect to do in the next

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year, how many people do you expect to come with the acquisitions? And the question -- the implicit question is whether the productivity per employee that you hired about -- quite a lot of people last year, but for actually growth of both the top line and the bottom line, say, in single digits and low double digits whereas the workforce has actually grown by almost -- more than 20%, 30% per year.

David Rowland - Accenture - CFO

Yes, so the number -- when we said more than 100,000 and when I said this year would be similar to last year, those are new hires. So those are people that -- and that's everything from campus hires to experienced hires.

In terms of the number of people we would acquire if we were to spend in the \$900 million to \$1 billion range, it's not -- it's a few thousand -- single-digit thousands, probably less than 5000 people. I think those were your two questions, right?

Pierre Nanterme - Accenture - Chairman & CEO

Yes. I mean, look, we don't have -- I mean to the question, are we embarking in Accenture a lot of people from acquisitions? The answer is no. We are embarking very deep skills in the Fjord, the Acquity.

So it's not a number game. It is really a quality game and then we are putting a lot of attention in integration. And if there is something I am very pleased with is -- it's not so much the number, it's first we've been able to retain the uniqueness of these skills, right? If you have the people in digital design, the Fjord, we have our Fjord design studios around the world. We've been able to protect their DNA, their savoir-faire. We've been able to scale them in a very significant way and protecting what's making them unique while making them part of the old Accenture. So I think we did that very well.

If I'm looking and looking at the people, and Ellyn, you might know that, do we have any more attrition in the people we're recruiting from the outside? Absolutely not. Absolutely not.

So the point -- and I understand that question that you are hiring people with different DNA. How the culture match is making -- we have no issue so far and we don't have any more or less attrition -- maybe less than more -- but not more attrition with our acquired people than we have with Accenture, but we are putting an amazing level of discipline and we are extremely careful on how we integrate our acquisitions, one by one and the fact that we have our five businesses is creating five homes for them.

And if you look digital, it's not only one home, we have three. So when we recruit people doing digital marketing, doing design, their home is not only Accenture Digital, it's Accenture Interactive and in Accenture Interactive it's the digital agency.

When Mark Knickrehm is recruiting people coming from the strat world, they are coming to Accenture Strategy, so they are feeling good about having some of the strategy discipline they know, the career evolution so they have a home and then they benefit from leveraging the rest of Accenture. So that's our approach in integration, creating home, protecting the culture and the environment and then leveraging with the rest of Accenture. That's really what -- where we are focusing on in integrating acquisitions.

Maybe the last question. Yes?

Ed Long - Gillespie, Robinson & Grimm - Analyst

Yes, Ed Long from GRG, Inc. Just a question for your underlying assumptions in 2016 for the more developed markets such as in Europe, using that paradigm that you had laid out. Is it more of a cyclical opportunity, more secular opportunity in the new area, and in the core, could you maybe comment about that?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, so you've seen -- I mean the result, our three geographical regions, North America, Europe and Growth Markets, all growing double digits and you could acknowledge that you have very different market conditions in each of them. So it's not so much coming from the market, it has been more on how we've been able to create our own growth and I guess what we been doing these last two or three years is not waiting for anything that's going to provide a tailwind and surfing that growth, was to decide to create our own opportunities to grow, and especially the rotation to the new is a key element for creating our own growth.



And when you look in the three regions, it's almost fascinating to see that the digital rotation is more or less the same. You have an amazing level of consistency. That's why we mentioned at the beginning that it's in every market, in every industry around the world, you have more or less the same level. So it's the center of gravity is in digital related services, 24%, we said. 24% of our revenues rotating at 35%. Overall, if you look at this, our major markets and major industries would rotate around the center of gravity, some doing slightly better. Some a bit below, but without a massive gap.

And if we've been able -- even in countries such as Brazil, to grow double digits in a market which is in recession, it's because of the digital rotation and because of Operations. So the new engines we created because clients are interested by the new. That's why we mentioned this concept of the new because this is what's driving the demand in the way we define.

And if you look at Europe, we have -- and you look at our digital activity, in North America and Europe, common wisdom would say you are probably in North America because in North America is where you have all these digital-native companies and so forth. Same, right, Mike and Shelly? Same. You take Europe and you take North America, more or less the same size, the level of digital business is about the same.

And of course, why it's even more prominent for Accenture, exactly for the reason David mentioned. We are working with the G2000 and the G2000 is not that different in Europe, in U.S., in France or in Australia. We're working for the largest and the best brands in the world. So the level of rotation is the same. It has nothing to do with being a U.S. company or European company, an Australian company or a Chinese company. When you belong to that league of the G2000, you have more or less the same requirements and the same impetus for change and they are fueled by digitalization, rationalization and globalization. They need high-value consulting. That's why they call Mark and Bob. They want that digital rotation. That's why they need Mike and Shelly. They want more efficiency and new operating models in the way they are running their ops. They call Debbie and Mike.

And they need to ride on the technology backbone which is moving from the SAP, the Oracle, the salesforce, the Workday, the Amazon, the Microsoft and all the others. So it has a lot to do with our positioning and the clients we are targeting on purpose. I think there is 148 Diamond clients, almost 150, is extraordinary, unique to Accenture and this is what's driving I guess this consistency across the different regions.

All right. I think it's time to wrap up and let me just say thank you. Thank you for all of you being with us today, spending these few hours. It's always a pleasure to invite you and I guess you felt the passion, energy, excitement of the Accenture leadership and everything we're putting in growing and developing our business. I expect that through this dialogue as well, you now better understand or you have more insight on what's making Accenture more differentiated and again these market segments we are serving is an element of our differentiation. We are serving very specific clients.

Second, we are indeed today very unique in the marketplace with our five businesses we are serving. I don't feel that anyone else has this kind of breadth of services from pure strategy to consulting, so the high-value consulting thing to digital, technology and operations. So when we are mentioning that we have the end to end.

Third, we are working on each of the five -- on each of the five, not only on digital, to rotate them to something which is new, and indeed, not being stuck with the core or with the commoditized legacy. Strategy is rotating to a new positioning. Consulting, as Bob said, is rotating to a new way of doing things. Accenture Video Services is pretty unique in the marketplace and this is what we are doing with our consulting business. Again, industry, processes, technology behind. Digital, of course, is the envy, I guess, Shelly, of the market, \$7 billion, 35% rotation, three businesses, Accenture Interactive, Accenture Mobility and Connected Platform and Accenture Analytics and you've seen that not only are we rotating and creating this business, but with Mike we are now exploring the next chapter around these three platforms, consumption-based model, as a service, we can plug in marketing, in connected and IoT, and in analytics. You've seen that with our GDN, Bhaskar is rotating the GDN technology to the new, liquid, intelligent, connected with a strong meaning behind and more productivity. And, of course you heard from Debbie and Mike that Operations is brand new. It's not your father's BPO, right Mike? That is brand-new by the combination of business process, cloud and security, we're creating a new value proposition where we're putting more tech, we're putting more analytics, we're putting more technology, we're putting more insight and we are evolving to a new business model which is going to be more and more consumption-based and as a service.

And we are doing that at scale and globally each of the five. They are a market leader if not the market leader. I think Digital is the market leader. Operations is the market leader and the other three businesses would be among the very top market leaders, all operating at scale so we are able to serve our clients globally but with some clear focus on some industries. You have seen the top nine, where we're putting more disproportionate investment, and in some clear markets where we want as well to compete to lead. And all of this underpinned, which I guess from David you are getting, with a very disciplined and clear view of our finance strategy and how we're going to return, we're going to allocate our capital, invest in the business for the future. Invest in our people to have the best talent possible and return to our shareholders a significant part of the value we are creating and striking the right balance in terms of investing and returning.

And I guess maybe the last point because I have no -- sometimes I have no questions on this on -- we understand your strategy, the investment you are deploying, but if I guess we are successful in the business today is the number, whatever, five or six, we have an amazingly strong, cohesive, aligned leadership team at Accenture. And it matters and I'm not saying that just to please them but I think it matters. I would put that in a clear element of differentiation of Accenture.



The level -- not only they are smart but I think what you have seen this morning is an amazing level of alignment, cohesiveness. We all share the same direction. We all have a clear mandate in executing the strategy. And I guess at the end of the day, it's not a minor point. The cohesive leadership, aligned, and enjoy working together, it's a machine for success.

So thanks a lot for being with us. And I wish you all the best and thank you for your support and the confidence you are putting in Accenture. All the best for the day.

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