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EDITED TRANSCRIPT

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PRESENTATION

KC McClure - Accenture - Managing Director, Head of IR

Good morning. I'm KC McClure, Managing Director, Head of Investor Relations. It is my pleasure to welcome all of you who have joined us here today as well as those of you who are joining us on the webcast.

The theme of our conference today is driving differentiation for sustainable growth. We have an excellent program lined up for you today and I am pleased to say we have some of our top leaders here to take you through it.



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Let me remind you that some of the matters 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 Securities and Exchange Commission.

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 or making comments related to our first quarter fiscal 2015.

Also note you will be able to find all materials for today's sessions including a reconciliation of non-GAAP measures posted to the investor relations section of our website. We expect to have these posted over the next few days.

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. Good morning. I am delighted to welcome you to our Investor & Analyst Conference. It is great to have so many of you with us here in New York and I also want to welcome those of you who are joining us this year via the audiocast.

I would also like to welcome two of our Board members who are joining us in New York, Marge Magner, our Lead Director, and Wulf von Schimmelmann, and I would like to thank you as well for the continuous support you are bringing to Accenture and your unique involvement to make our company a great company. Thank you to both of you.

Our theme today is driving differentiation for sustainable growth, and as always each word is extraordinarily important and this is what we are going to make live this morning for you. I am pleased to be joined by several members of the Accenture leadership team who will bring these themes to life this morning.

Today, what it is we are going to do, we are going to provide an update on the actions we have taken and the investments we have made to do what - to enhance our capabilities and to make Accenture even more relevant and differentiated and competitive in the marketplace.

Let me start by providing some context around the environment we are operating in. At the macroeconomic level there are some signs of incremental improvement in the global economy, but there are still pockets of uncertainty, definitely pockets of volatility as well especially in the emerging markets. We all know that and in the Eurozone. Now it is pretty clear that it will take more time for the global economy to return to higher growth.

Looking at our own industry, IT and professional services, definitely we could say that the IT services sector has undergone a very significant transformation over the last few years. With the rise of disruptive technologies and especially the impact of digital and cloud technologies, we are seeing changes like never before. Everything is more connected, more interactive, more automated and moving at a pace that is absolutely unprecedented.

This is also a time of tremendous transformation and reinvention for our clients and for the industries in which they operate. In this fast-changing environment we see the market becoming more and more polarized around two major themes. Of course we could have selected much more... I think the trends such as globalization, regulation and some others are still there.

But when it comes to clients, it is so obvious now that the market has polarized around, one, digitization to create unique competitive advantage and drive new sources of value. And on the other side of the spectrum, rationalization, to create productivity and efficiency gains.

And at the same time we continue to see demand for large-scale transformation programs and more and more clients, and more and more clients of Accenture, are seeking solutions that provide tangible business outcomes delivered "as a service," and we will come back on this as it is a very profound evolution of the market environment.

So we are clearly operating in an environment defined by change, and for Accenture, change is good. Change creates opportunities to drive growth.

Against that backdrop, let me share with you the significant actions we have taken and the investments we have made to build and enhance our portfolio of business. We created Accenture Strategy, a unique capability and the first in the market to bring together business strategy and technology strategy, equally and at scale.



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We launched Accenture Digital by combining our capabilities in Accenture Interactive, Accenture Analytics and Accenture Mobility to create the world's largest end-to-end digital capability with now 28,000 people.

We formed Accenture Operations, bringing together our business process capabilities with our infrastructure and cloud services to offer our clients an even more compelling value proposition—running key operations “as a service” and again at scale.

In Accenture Technology, we further enhanced our Global Delivery Network, recruiting significant talent and investing to build intelligent tools to increase efficiency and productivity. We also continue to harness innovation through our Technology Labs and are playing a leading role in the technology ecosystem.

Finally, we infused even more talent into our five operating groups to enhance our capacity to serve clients and to more quickly assemble integrated teams with specialized skills—further strengthening our management and technology consulting capabilities and making us even more relevant to our clients.

At the same time, we have invested \$1.5 billion in acquisitions over the last two years to enhance our capabilities, and we will continue to use targeted acquisitions to scale more rapidly in key growth areas.

We are investing in talent as well to attract, develop and retain the specialized skills we need to be relevant to our clients' changing needs. In fiscal year 2014, we hired about 80,000 people at Accenture, including thousands of people with deep expertise such as PhDs, data scientists, web developers, digital marketers and big data specialists.

So when I reflect on the actions we have taken, we have clearly moved with speed on one hand and agility on the other hand to capture opportunities in the market and we have taken all these actions, all these actions, without any disruption to our business.

At Accenture everything we do is grounded in our long-term vision for market leadership, which we call Ambition 2020. This is all about our unique positioning as the leading independent global professional services company, providing end-to-end services to Global 2000 clients to help them transform and achieve tangible and measurable results. We have a relentless focus on executing against that vision at speed and at scale across several dimensions.

First and foremost is our client leadership. At Accenture it all starts with our clients. We operate at the heart of our clients' businesses, helping address their most complex strategic issues. We serve more than three-quarters of the Fortune Global 500 and 89 of the Fortune Global 100. We have built long and enduring relationships. All of our top 100 clients have been clients for at least five years and 95 have been clients for at least 10 years.

And looking at our Diamond clients, something as you know which is very close to my heart and something which is extremely important in Accenture's strategy, which as you know are our largest client relationships. In fiscal year 2014, we added 28 new Diamond clients across all five operating groups and geographic regions, which brings us to a net total of 141 Diamond clients at Accenture, an all-time high.

This is an incredible track record and it speaks to our unique ability to understand our clients' issues and opportunities.

Second is our industry leadership. We are known for the depth of our industry knowledge, and today more than 187,000 Accenture people have certified industry skills or are aligned with a specific industry. And we are taking our industry differentiation to the next level with innovative business services which combine our industry expertise and assets with our capabilities to provide highly differentiated end-to-end services for clients to deliver tangible outcomes, something we believe only Accenture can do.

I am thinking about Accenture Video Services, Accenture Post-Trade Processing Services, Accenture Credit Services, Accenture Procurement Services, just to name a few. And with our technology ecosystem partners, we jointly develop unique industry solutions, including with SAP in the oil and gas industry and with Oracle in health.

Third is our technology leadership. Early on we identified the potential of digital and we invested ahead of the curve to help our clients compete in the new digital world and to establish a leadership position for Accenture. In fiscal year 2014, we delivered double-digit revenue growth in our Digital business. And with \$5 billion in revenues today in Digital, it is approaching the size of our ERP business, which is about a \$6 billion business.

When it comes to delivery, the scale and scope of our Global Delivery Network is unmatched in the marketplace with 205,000 people working from more than 50 delivery centers and at client sites around the world to deliver innovative, high-quality, industry-specific solutions to our clients.

We also have a very privileged position in the technology ecosystem at the intersection of business and technology. We are the number one partner of key players including SAP, Oracle, Microsoft, HP and salesforce.com, and more recently we formed new partnerships with GE and with Siemens in the Internet of Things.



Fourth is our geographic leadership. We have a broad global footprint serving clients in more than 120 countries around the world. We are both extremely global, serving our clients consistently anywhere they operate, and we are extremely local, bringing local execution and market relevance.

Looking at our geographic performance in fiscal year 2014, we were pleased with the strong revenue growth we delivered in many of the largest countries in which we operate. In the United States, I was particularly pleased with our 10% revenue growth for the fourth quarter and 8% revenue growth for the full year.

I am even more pleased with our sustained performance over the past four years in the U.S., where we have consistently delivered high single-digit or double-digit revenue growth. In Europe, where the economic environment continues to be difficult, we performed very well in many countries including France, Italy, Germany and the United Kingdom. And in Asia-Pacific, in Japan, which is the largest country in the region, we delivered very strong double-digit growth for both the fourth quarter and the full year.

In fiscal year 2014, we aligned our organization around three geographic regions, North America led by Steve Rohleder here in the room; Europe going to be coordinated by Jo Deblaere, our chief operating officer; and Growth Markets, which is going to be led by Gianfranco Casati. And the Growth Markets will include Asia-Pacific, Africa, Latin America, the Middle East, Russia and Turkey. And we put three of our most senior leaders in place with the accountability to maximize growth in these regions. Right, Steve? Excellent.

Finally, we continue to run Accenture as a high-performance business. We have a rock-solid balance sheet, no debt and a cash balance of almost \$5 billion at the end of fiscal year 2014. Our financial strength enables us to invest in the business while delivering a very strong return to shareholders.

We continue to manage our business with rigor and discipline, to increase our efficiency, enhance our competitiveness so that we can continue to achieve our ultimate goal of delivering sustainable profitable growth over the long term.

So when I step back and look at our performance in fiscal year 2014, especially our stronger growth in the second half of the year, we have clearly demonstrated that we are executing the right growth strategy and we are gaining market share.

We are entering fiscal year 2015 with momentum in our business and I am confident that we are well positioned to drive value for both our clients and our shareholders.

So let's get started with the rest of our agenda for today. We are extremely pleased to have this time with you and I hope that when you will hear from our team you will share our passion, my passion and excitement for Accenture and all of the work we are doing to make our company even greater.

Let me now introduce Paul Daugherty, our chief technology officer. Paul is one of our brightest leaders, by definition and by design, and Paul's job is to make sure that we are always very well positioned to take advantage of disruptive technologies for the benefit of our company and for the benefit of our clients. Over to you, Paul.

Paul Daugherty - Accenture - CTO

Thanks, Pierre. Good morning. These are great times for a techie like me. There has never been a time of greater excitement or disruption in information technology than the period that we are in right now, and the disruption is creating great opportunities where technology meets business and that intersection, as Pierre said, is the heart and soul of Accenture. We lead in the space now and I am confident that we are in a great position to extend our leadership as this next wave of technology disruption moves through the market.

Let me tell you why, but first let's step back and look at the scale and pace of the change that is facing every business today. Think about some facts. There are 3 billion people connected to the Internet, but 4 billion people – the rest of the planet – will come online soon. And it is not just about people. Think about 200 billion devices from sensors to machines all connected to the Internet. We are well on the way to that future.

And think about the pace. In the 60 seconds that it takes me to say this sentence, there will be 265,000 snapchats, 2.5 million Google searches and 204 million emails sent, all in 60 seconds.

What does all of that mean for enterprise IT and the businesses that we serve? First, it is a connected world and everything that can be connected will be connected. Second, data is the currency of the new economy much like energy and natural resources in the industrial economy. And third, businesses and IT will be intelligent – marked by highly automated processes, robotics and artificial intelligence. In other words, business is changing like it never has before. It is a time of tremendous transformation for the technology industry and for all of our clients.



My job as chief technology officer is to look ahead, understand these changes and make the right investments so that Accenture is positioned to lead our clients and the industry through this tremendous change. In my role I drive our technology strategy, our vision, our research and development, our alliances and partnerships and our new technology businesses. Through all this we have a clear view of what the future looks like, and it is captured in our technology vision where we say every business is a digital business.

This vision resonates with our clients, but more importantly sets the stage for how we work with our clients leveraging the end-to-end capabilities of Accenture to help them transform for this new environment. This includes clients like Unilever, Vodafone, BMW and hundreds more that you know very well where we are harnessing these technology trends and helping them transform so that they can achieve their vision. They know that their success depends upon it.

So we have a clear view of the future, but that is not enough. We also must continually change to be relevant as the market changes, and that gets to another key part of my job as CTO which is making the right investments so that we are always positioned to invent our own future. In FY14 alone, we invested roughly \$800 million in key new technology capability.

Let me describe how this works. It all starts with research and development, and the heart of R&D at Accenture is our Accenture Technology Labs. Our labs are anchored in Silicon Valley with key research hubs in Europe, China and India. Our researchers look out three to five years to invent and commercialize new technologies that are going to have a major impact on business.

Since we have been at this for years, we have mastered the commercialization process. It is not enough to just come up with ideas; we need to impact our business at scale. Let me give you an example of this. In our cloud business, we were doing research in cloud computing in our labs over 15 years ago, before the term cloud computing existed. As cloud matured, we packaged together our intellectual property, our research and our patents and formed an asset called the Accenture Cloud Platform that we have talked to you about before.

The Accenture Cloud Platform has been rated as a leader in the cloud orchestration and brokering market and has been a key part of our growth and our early leadership in the cloud market. The reason we are able to get ahead and get this leadership position is because of our investments in R&D.

Another way that we stay in front of the future is with open innovation. With open innovation we leverage the global scale and position that we have at Accenture and multiply it by the power of all the innovation happening in the ecosystem.

We partner with global venture capital firms, with incubators, startups and accelerators, with the R&D arms of major technology companies and with leading research universities. So we are doing joint R&D, research and development, with SAP and Microsoft and many others; with universities such as MIT, Stanford and IIT in India; and we have screened thousands of startups and are working with hundreds of them.

Let me give you a powerful example of open innovation network. Our researchers identified a very promising early-stage startup that pioneered a headset with very innovative amazing brain wave scanning technology that could literally read the electromagnetic signals coming from your thoughts. Our researchers saw the potential to apply this in medical applications and took the technology to Philips Healthcare, and we jointly worked with Philips to put together a proof of concept targeted at patients with ALS, or Lou Gehrig's disease.

With the proof of concept, patients that have ALS – using the headset – could literally use their mind after they lost complete muscle control to control TV, music, heating and cooling, air-conditioning and medical equipment, giving those patients what they desired most, which is some control that they lost over their environment. Not only is there a great business impact that we have seen in this but it truly shows the power of Accenture to change the way the world lives.

Another current and very important example of how we invest to create our future is in the emerging area that we have coined the Industrial Internet of Things. You have all heard about the Internet of Things, or IOT. The new term, the Industrial Internet of Things refers to the universe of intelligent products, processes and services that are connected with each other and with people over the Internet.

Researchers in our labs have been working with these technologies for years – technologies like 3-D printing, drones and robotics – and they are already generating patents, pioneering client work and new business opportunities. In fact, our head of R&D, Prith Banerjee, is a recognized leader in this space and was elected recently to the steering committee of the industrywide Industrial Internet Consortium in helping shape the future of this important area.

Beyond R&D, we have invested in other ways in the Industrial Internet of Things in partnerships with GE in areas like intelligent pipelines and avionics, with Siemens in Smart Grid. We have also acquired companies in this area such as Evopro for industrial controls and we have created business services such as Accenture Smart Grid Services, Accenture Connected Health and Accenture Connected Vehicles that are having real impact in the marketplace right now.



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So with all this innovation that I just talked about, you can see that at Accenture we don't just follow the trends: We are investing in innovation and deep industry insight so that we can shape the market and invent our own future.

Another strength we leveraged that Pierre talked about is our leadership position in the ecosystem. It is an essential part of our growth formula. We are in the top position with the leading companies in technology as well as the emerging technology innovators. Whether measured in revenue, analyst rankings or partner-of-the-year awards, Accenture is in the top position with the most important companies in the ecosystem.

A great example is our SAP business which continues to be a model in the industry and the envy of our competitors. We are the number-one provider of SAP solutions with the closest relationships, so that can form a unique partnership with them and form unique solutions combining their products with our industry and technology expertise to create differentiated solutions that our clients value.

But we are not resting on our laurels. As all of you know, SAP's business is changing dramatically so we are investing for growth in areas where SAP is growing and we are the market leader in cloud and HANA. With SAP Cloud, we were named SAP's Cloud Partner of the Year and we have well over 2,000 people delivering solutions on SuccessFactors and Ariba, which is far more than any other competitor.

We are also the market leader in HANA. We've completed 100 projects on HANA and have 75 under way, which we understand is double our nearest competitor in the HANA market.

Our business with Microsoft continues to be a great success story as well. One of my roles is chairing the Board of Directors of Avanade, which is our joint venture company with Microsoft. Avanade is approaching \$2 billion in revenue and has had double-digit growth and is viewed as one of the most successful joint ventures in the technology business.

Avanade is a clear market leader in Microsoft services and is rapidly growing in digital and cloud services with a blue-chip list of clients that includes companies like Delta, Hyatt Hotels and Microsoft themselves.

These are only two examples of the top relationships that we have with technology leaders. I could tell similar stories about our great position with salesforce.com, EMC, HP, Oracle and many others where we are also in the number-one position.

But the real point I would like to get across is why is the ecosystem so important to us. The reason is that the revolution in technology that I talked about will continue, and it will continue to disrupt the technology ecosystem. But Accenture is in a great position across all of that disruption for two reasons. First, we've got the closest relationships with the most important companies in the ecosystem so we can structure unique partnerships, as I described, to get a differentiated advantage in the market. Second, at the same time, we are diversified across the ecosystem. So as the ecosystem is disrupted, we can take advantage of the independent position that our clients value and move and evolve our position in the ecosystem so that we are always positioned to deliver the best industry solutions to our clients, powered by the best technology from the best partner at the right time.

So I have talked about where we see technology going, how we invest to create our future and why we can create unique value through the ecosystem. All of this allows us to innovate at scale. We are better positioned for the future than ever and we see great opportunities ahead.

Let me talk about four areas of our business where we are innovating at scale: Cloud, digital, intelligent computing and the next generation of ERP.

We've grown our cloud business to over \$2 billion in revenues with double-digit growth in the past year. Let me digress for a minute to talk about a question that may be on your mind, which is a comparison of our cloud-based software-as-a-service projects with our on-premise projects.

Over the past year, we have seen the trend continue where the software-as-a-service projects are increasing in size and approaching the size of our on-premise projects. The reason for this is that as cloud matures, our clients are undertaking more ambitious business projects powered by the cloud and have more ambitious business outcomes. They need more of the end-to-end services that Accenture offers to achieve those outcomes, and that is leading to the increase in project size and continuing the trend we have talked about previously, which is a positive trend for our business.

We are innovating at scale in our digital business – harnessing all the technologies and the resulting business change. You heard about that from Pierre and you will hear more about it in a few minutes.

I talked about the macro trend of intelligence earlier. We are aggressively innovating and driving advanced automation and cognitive technology into our delivery and operations businesses, leveraging very advanced automation techniques and cognitive technologies to shift the game to focus on productivity rather than simply on cost.



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Our ERP business is not going away. There is a next generation of ERP that is characterized by digitally enabled solutions, agile delivery and faster implementation times. It is a very different ERP, something we call High Velocity ERP, and we believe that the new needs of digital businesses will be a catalyst for demand in this new form of High Velocity ERP.

So let me wrap up by coming back to where I started. We are in the midst of a tremendous change in enterprise technology. At Accenture we see the future and it is coming very fast. I am excited about the opportunities ahead and confident that we are positioned for continued leadership as the market evolves.

The heart and soul of Accenture is at the intersection of business and technology, and the tremendous changes that we are seeing create the opportunity for us to work with the leading businesses and governments around the world to help them change to be more successful in this new environment. And that is exactly what we are doing – providing comprehensive end-to-end services that only Accenture can provide – strategy, digital, technology and operations – to help our clients be more successful, and that is what you will hear about next.

Back to you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot, Paul. Excellent presentation. Just a minute with me. As you might imagine, it is by design that we decided Paul and I, the CTO and the CEO, will co-intro the session because at Accenture, we have a strong belief that now business and technology are totally intertwined and you can't craft and deliver a business strategy without, now, technology underpinning.

And to recognize the role of technology at Accenture, we elevated the role of CTO these last years. Now Paul, our CTO, is reporting directly to me and is one of the prominent members of our new Global Management Committee, and of course is the best CTO of the industry.

Paul Daugherty - Accenture - CTO

Thanks, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

All right. Now let's move to our next segment, driving differentiation across dimensions of our business, and it is my pleasure to invite on stage, so please join me, Mark Knickrehm, Mike Sutcliff, Bhaskar Ghosh, Mike Salvino, the leaders of Accenture Strategy, Accenture Digital, Accenture Technology and Accenture Operations. I could have called them as well the Four Fantastics, but maybe the jury is still out, so we will see after their presentations.

They are leading our four growth platforms. What you are going to see is these four growth platforms are quite new and they are going to share with you what it is we are doing different today. What is the point of our growth platforms and what it is we want to achieve.

At the end of the day with our growth platforms, we are building world-class capabilities at scale to provide our end-to-end services to our clients, from strategy to digital to technology delivery, and then we operate on their behalf. And by doing so we can deliver superior value to our clients.

So we are going to start with Accenture Strategy and Mark Knickrehm and you will see – stay tuned, what it is we want to achieve with Accenture Strategy is quite radical. With Accenture Strategy we are creating what I would call the first strategy practice for the future by bringing together our best industry and technology strategies into a single capability. Mark, over to you.

Mark Knickrehm - Accenture - Group Chief Executive, Accenture Strategy

Thank you, Pierre, and good morning everyone. In the world of strategy today, it is about the future and in the future, technology is the disruptor as you heard Paul say. It is changing our clients' competitive landscapes, their opportunities and what they are asking for from their consultants.

As you just heard from Paul, this plays directly to Accenture's strengths. It's time to create a new kind of capability that is going to be highly disruptive to the strategy consulting business also.



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As you walked into the auditorium today I hope you noted the Accenture Strategy advertising. One of my favorites is “We added technology to strategy, you get the multiplier effect.” In the next few minutes I'm going to illustrate what we mean by that and how we are differentiating ourselves from our competitors.

We launched Accenture Strategy on January 1, and as the lead for this new global business I can tell you we are already seeing signs of significant impact in the market.

So what makes us unique? Why are we different? We are the first to put together strategy and technology equally and at scale, as Pierre said earlier. That is different. Consider a pure strategy organization. They can pitch a digital strategy but they don't have the full suite of capabilities to back it up and they don't have the insights to power the strategy work. They are not part of the [technology] [corrected] ecosystem.

Accenture Strategy is, and because of this, not only will we create and shape the business strategy but we envision it differently. We will create it from the perspective of an organization that has operated and implemented thousands of technology projects. We bring these insights to our clients to benefit from this perspective at every stage of working together. No one else has the technology chops to operate in this strategy space as we do. Welcome to the future.

Let me give you a little context as to why Accenture Strategy has a special role within Accenture and in the strategy market. In Accenture Strategy we have created a differentiated capability that can only come from this organization. We have pulled together a blended team from across the organization of our best industry strategists and our best technology strategists. This capability is incredibly relevant in today's digital world, and we are already operating at scale. With more than 8,000 consultants, we are one of the largest strategy consultancies in the world.

Accenture Strategy is also critical to how we as an overall company compete, and are creating our future in the context of end-to-end. What do I mean by that? As Pierre said, we want to be the partner of choice when it comes to professional services. Our aim is to operate at the heart of our clients' businesses providing services that start with envisioning and architecting our clients' future. This is the distinct role of Accenture Strategy, to envision, to shape, to create in the digital space.

We know our clients' industries, we understand the trends, we live digital. And we're the trusted advisors in the C-suite working with our clients to design and deliver strategies for large-scale, mission-critical projects.

Let me give you an example. One of our clients, a large diversified insurance company, was facing a critical challenge. Their customers were being taken away by direct Internet-based competitors. They needed a response. However, they have a large agent network that they had to not work around. In addition, they realized this was going to be a multi-hundred million dollar investment that had to work smoothly with those agents and go direct to the customers.

Not only that, it had to work with a multi-billion dollar technology infrastructure that they have built for themselves over the last two or three decades. They turned to us for help. Why? Because we could help with the strategy, which segments, how to position it, we understood the technology that they had built and how this new digital technology would link to it, and within all of that we could help them with a business case to take to their management team and their board. I believe no other strategy firm could do all of those things in that situation.

Let me give you one more client story that illustrates this. It is with Jurong Port. Jurong Port is Singapore's port and it is one of the largest port operators in the world. As an industry leader, they turned to us to help chart their innovation agenda and keep them relevant to shippers over the next decades. We won this work by bringing together teams from our industry transportation strategy business, our supply chain function strategy business, and technology strategy. These three parts could envision the future and the logistics needs of a major port.

Our technology team introduced video analytics to the client and demonstrated how it could help the port staff predict the needs of the future, ship placement, offloading patterns and ways to improve the operational efficiency of the port. And none of this could be done without looking at days and days and months of video analytics to understand the human factors that the operators of the ships and the machines add into the process. Without that new analytics, without those connected devices that Paul spoke of earlier, they couldn't craft a strategy.

I think you can see why this combination of technology and business is relevant in the strategy space for our clients.

Accenture has created the strategy practice of the future. It is new and it is different and it's extremely powerful. Our clients are telling me that this is just what they need and the time is now.

In closing I am extremely proud to lead this talented team of strategists at Accenture and excited about the road ahead. The timing of this new business couldn't be better. Pierre, back to you.



Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot, Mark and just pausing on this because what it is we are doing is pretty profound. To be honest we had opportunities to create probably the last strategy practice of the past and emulate a couple of our competitors and try to do the same. And this is not the direction we decided to undertake because we believe it is always better to play the offense, and to understand what is the new value proposition which is expected by the market.

Roxanne Taylor, you with us? I see her, Roxanne, our chief marketing officer, has been driving a lot of analysis on what the market is expecting when it comes to strategy. And it is interesting that when you are putting together business and technology equally, one name is coming first and this name, Roxanne, is – [Accenture]. Thank you.

We prepared for that. Hours. But it is very profound. As you might imagine, we thought a lot about it. Do we want to be in strategy? To do what? Do we want to be me too, like the others, or do we want to understand what is happening in the market and indeed in the context where the strategy practices are all over the place consolidating and probably having big questions regarding their futures.

We are inventing the future by bringing technology strategy at the same level as business strategy and creating a new value proposition. And so far the feedback we are receiving from the analysts and the surveys, and more important from our clients, is just superb. So thanks, Mark, for taking this leadership role.

Now we are going to move to Accenture Digital and Mike Sutcliff. Some people are more lucky than others. Mike is. Leading, in a world which is moving digital big time, where digital is not only the buzz, is the reality, having the opportunity which is happening once in a life, to lead something called Digital at Accenture, is just an amazing opportunity.

And we of course selected Mike, who is one of our most visionary leaders at Accenture, always looking forward, never backward, to lead Accenture Digital. And what it is we want to achieve is very clear and very simple. We want to lead.

This market is still forming and we want to take an early leadership position in this world, which is moving extremely rapidly, so we will be the go-to partner for our clients when it is all about digital. Over to you, Mike.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

Thank you, Pierre, and thank you for all of the investments over the past many years to prepare us for this. As Paul mentioned, Accenture Labs and Accenture more broadly have been investing for almost a decade to prepare us to lead.

Accenture Digital is a growth engine for Accenture. We see demand in every industry and every geography. Our people are working with our industry teams to drive and create the next generation of business models, operating practices and customer experiences with our clients. We are collaborating with Accenture Strategy in the digital combination, Technology and Operations to create cutting-edge solutions that are unique to each industry and specific client as they seek to disrupt the existing ways of doing business.

Digital customers, digital channels and digital markets are accelerating the pace of change in each of our industries and we believe this will continue. As Paul mentioned, we also see the Industrial Internet of Things as a major growth engine for opportunity at our clients. We are helping our clients thrive in this competitive environment.

Accenture Digital is an early leader in the digital services market. We want to become known as the go-to partner for our clients as they apply digital technologies to create new value for themselves. In fact, Gartner already recognizes Accenture as the largest digital transformation consultant worldwide in terms of revenue.

We are working with many of the industry leaders, in fact, all 10 of the top pharmaceutical companies, seven of the top 10 consumer products companies, and seven of the top 10 largest global retailers. We have helped our clients capture more than \$100 billion in revenue and sales worldwide, from hotel reservations made, to consumer products purchased, to business-to-business transactions completed.

As Paul mentioned, we are a very active participant in the ecosystem. We are working with Accenture's traditional alliance partners such as SAP, Oracle and Microsoft as you have heard, but we are also working with many of the digital players in the market such as salesforce.com, Workday, Adobe, SAP Hybris, Sitecore, Apigee, Crittercism and many others. We work with these partners to bring new ideas and winning solutions to our clients at scale anywhere in the world using the technology that makes sense for each individual client environment. And we are just getting started.



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We are the leading player in the digital services market but we see huge potential to demonstrate the power of combining our capabilities in Accenture Interactive, Accenture Analytics and Accenture Mobility.

So let me provide a brief description of each of these businesses. Accenture Interactive is about a \$1 billion business focused on helping clients design new solutions for digital customers, channels and markets working primarily with the chief marketing officers and customer officers at our clients. It is focused on providing end-to-end marketing experience including creative design, customer experience, digital production and e-commerce platforms. We help clients engage and delight their end-users across channels, whether they be consumers, patients, students or citizens.

We have rapidly increased our capabilities with successful acquisitions of Fjord, Acquity and avVenta. Each of these companies is a leader in their field. We now have more than 30 design studios, R&D offices and centers of excellence delivering solutions for our clients in this space.

The combination of our services, our tools, our software assets, our alliance partnerships are some of the reasons that leading companies including adidas, BMW, Citibank, Nespresso, P&G and Unilever choose to work with us.

As a brief illustration, we are helping Nespresso right now as they transform their customer experience across 41 countries. We are providing services including e-commerce, mobility applications, store point-of-sale, customer relationship management and back-office retail systems in an integrated fashion. We are working in this case with our alliance partners including SAP Hybris and Adobe as part of this digital transformation program with Nespresso.

Let me tell you about Accenture Mobility. It is also just over a \$1 billion business in a tremendously dynamic market. We have seen advances in both mobile application development and connected platform capabilities in the past year. The mobile application market has exploded over the past few years and Accenture Mobility is already a leading developer of enterprise solutions across platforms such as iOS, Android and Microsoft. We have 13 mobility innovation centers and 17 mobility development centers capable of rapidly creating new solutions across any mobile platform and any type of device.

In the application development space, Accenture and Avanade recently worked with the Electoral Commission of South Africa to create a mobile app to provide services during the last election cycle. During election day and the following three, user requests exceeded 1 million per minute during peak periods. We are talking about mobility at scale.

We are seeing great demand for our Mobility Managed Services platform in the connected products space. We are using this proprietary capability, a connected products solution for leading clients including the Fiat-Chrysler Group, Vodafone, State Bank of India, and we are partnering with GE, Siemens, Samsung, C3 Energy, Intel and many others to market their investments in the technologies that they are bringing to market around the connected products space.

As an example, Accenture is working with Fiat-Chrysler Group in jointly creating the mobile platform that they use to develop the next generation of connected services for their Uconnect systems across Europe which will provide drivers with communication, entertainment and navigation features as well as integration with content providers and real-time vehicle diagnostic data.

We have a lot going on in the mobility space and the industrial Internet has got a lot of room to grow.

Our Accenture Analytics business is a powerhouse in the analytics market. It is about a \$3 billion business today, with more than 500 analytic assets and more than 400 patents and patents pending. Accenture Analytics is making significant progress developing advanced analytics solutions and embedding them into our industry business services.

We are focusing on solving specific industry challenges with solutions such as Smart Water, Smart Grid, Intelligent Pipelines, Connected Vehicles. The acquisition of the i4C capability earlier this year provides a fantastic platform to accelerate our work, to package and distribute analytic solutions across computing platforms which we think will be very important as the industrial Internet continues to get connected.

Accenture Analytics is also leveraging lots of big data. We have developed an analytics as a service platform using public cloud and big data technologies. In a very recent example, we analyzed 300 GB of raw data from 1600 network devices and we were able to predict for one of our clients device failures with 91% accuracy.

We have also been doing very interesting and innovative work in the oil and gas industry, the utilities industry, financial services industry. We see lots of opportunity moving forward.

Accenture recently worked with the Singapore government to use video analytics in a public safety setting to help them predict crowd behavior, to coordinate their resources and respond to incidents and to increase collaboration among the agencies so they can improve the level of customer service they are offering to their citizens.



So in closing, we are excited about the progress that we have made so far in building Accenture Digital, and Pierre is right, I am lucky. I've got the best job in the firm. We've got 28,000 deeply skilled team members, and counting. We are already the largest end-to-end provider of digital transformation capabilities in the world and our people enjoy the opportunity to work with leading clients across industries to unleash the disruptive power of digital and actually change the way the world works and lives.

Now we get to go imagine and deliver the next generation of new solutions for our clients. So it is going to be a busy year. Thanks, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot, Mike. I guess you should all be excited with what you heard like we are at Accenture. Just imagine, in probably less than seven years we created - or about seven years - a \$5 billion business in interactive, mobility, analytics, \$5 billion in revenue growing double digits. So I guess this is a very significant achievement and I have no doubt that Mike will bring Accenture Digital to new heights.

So, Mike, you said you have the best job but your friend and colleague, Bhaskar, has got the biggest one. No debate on this because Bhaskar is coordinating at Accenture 200,000 people. So no one else could compete, when Bhaskar is standing up, what is the biggest job. But of course we are not here to celebrate the fact that the Global Delivery Network is a big organization. We are here today to demonstrate that it is the best organization in the industry.

And what it is we want to do with Accenture Technology Delivery, is definitely the job of Bhaskar, is extremely simple, is to run and drive the most productive and diversified technology delivery capability in the industry, providing our clients with two things. Of course the very best technology services, at the most competitive cost.

So Bhaskar, tell us how you are going to do the magic.

Bhaskar Ghosh - Accenture - Group Chief Executive, Accenture Technology Delivery

Thank you, Pierre. I think as you said that my job is simple because I am really proud that we have a formidable delivery capability which is powered by our Global Delivery Network, underpinned by five key elements.

Number one: We have scale. We have unmatched global scale of this delivery center network. We have the capability to service our clients across 50-plus delivery centers, client locations, Accenture locations across 120 countries.

Number two: Skill. We have 205,000 highly skilled professionals in this delivery center network. They are skilled in technology, industry, business and process across 40 industries. We have deep skills across all large technology platforms including the emerging technologies.

Number three: The depth and breadth of our capability. We have the capability to deliver high-quality, reliable service to our clients seamlessly across Strategy, Digital, Technology and Operations that is unique, and that is what we do every time for our clients.

Number four: Delivery quality. Accenture stands for delivery excellence. Based on the external market benchmarks, we outperform the market every time. Our standardized tools, processes, methodologies – which we apply across the delivery centers, across our engagements – ensures reliable, measurable, repeatable and predictable delivery with reduced risk and time to market.

Number five: Top skills. I think top talent is our ultimate differentiator. We have an ability to recruit and retain the best quality people across the globe. We train them on industry and technology and make them more culturally fit and collaborative to work with our global clients across the globe.

So I have described this formidable delivery capability what we have, but this capability is unique and differentiated. We are continuously innovating and investing in state-of-the-art technologies, on intelligent tools and industry assets. We are making our capability even more productive, even more competitive and more relevant for our clients.

Greater intelligence brings the higher productivity. What we see today using our intelligent IT: We are driving as high as 40%-plus productivity in certain areas of application services.



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Let me explain this intelligent IT and intelligent tool concept. At Accenture, we have developed a family of tools. We refer to them as the Accenture intelligent tools. These are primarily high-end tools based on analytics, cognitive computing or robotics. These tools radically improve productivity by reducing the effort but increasing the throughput by eliminating the work all together.

Our industry assets are our big differentiator. The Accenture Advanced Enterprise Solutions is a comprehensive portfolio of industry-specific ERP. We have quantified our industry knowledge and years of Accenture experience into a set of leading processes, practices and technologies. We deploy them to the client engagement which ensures the faster, reliable implementation every time. It helps not only in the new implementation; it helps in the maintenance of the ERP, upgrade and throughout the lifecycle of the journey.

Let me share with you how we are using this power of the Global Delivery Network to compete and win in the highly competitive application services market. We have been in the application services market for 20-plus years. We are recognized by our clients and industry analysts as the market leader. The vast majority of our clients, like Best Buy, Oi, P&G, Royal Dutch/Shell, QBE, the U.S. Army, Marriott or Vodafone Group, use our application services every day to enhance their business performance. But yet we believe there is an untapped potential to drive this market further.

We are addressing this market now even more aggressively. We are increasing our competitiveness with high-quality solutions using our end-to-end capability of Global Delivery Network. We are differentiating further with the use of industry assets and intelligent tools. We are creating best solutions for our clients at competitive price points using the power of our Global Delivery Network.

Let me conclude and say three things. I feel really confident that we have formidable capability in this delivery center network. We are best in this market place. Our Global Delivery Network is unmatched, unique and differentiated. It is powered by technology innovation and industry assets. We are continuing to invest to make our network more competitive, more industry rich, more productive and more relevant for our clients.

We are addressing the application services market even more aggressively by unleashing the full power of Global Delivery Network.

Thank you. Back to you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thank you, Bhaskar. As you can see, we are very far - when we talk about Accenture Technology Delivery, when we are talking about the GDN, we are very far from the early days of what we used to call labor arbitrage, which was 10 or 15 years ago, the kind of very beginning of this wave. Today the winning organization will be the organization that is going to bring more automation, more intelligence, more repeatable routine, more machine learning on top, of course, of good labor costs. And the job of Bhaskar, who is probably one of our deepest thinkers on that topic in the industry, is to bring this level of innovation with the combination of repeatable tools and techniques, intelligent IT, superior industry knowledge, so we can make our Global Delivery Network and our technology delivery capability not only at the competitive cost, which is absolutely a must-do, but for a competitive cost, you get much more. And this is what our clients want now, they want more for less, all of them, or at least for the same price, they want much more quality. And we are extremely pleased with the direction Bhaskar is giving to our Global Delivery Network to continue making a machine, which is going to make Accenture one of the most productive and best technology companies in our industry.

So it is going to be heavy lifting. I mean 200,000 people, orchestrating, deploying, more than 50 delivery centers. We recently opened in Guadalajara, in Mexico, a new place for Bhaskar and others to come.

Now, to close the loop and you have seen the end-to-end in action. We are starting with envisioning, then when you envision with a great deal of digital, Mike is coming with all of his capabilities and is enabling Mark Knickrehm's vision, then Bhaskar is coming with his 200,000 people, deep skills to make the technology and the solution happen. And of course, our clients, they want more of us.

They want Mike Salvino, at the end of the day. He is our ultimate weapon in our growth platforms, because they want us more and more to operate on their behalf, that is point number one. But they want us to operate on their behalf in a way which is going to be dramatically different moving forward because they want us to operate now as a service. So that is why we have been taking this very bold decision - we are the first one, and we are always pleased when we are making the market at Accenture - to combine two of our best practices, our business process, BPO organization together with our infrastructure services organization to create the first operation as a service organization called Accenture Operations. Over to you, Mike.



Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

Thank you so much, Pierre. I am excited to talk about Accenture Operations today because it is roughly a \$6 billion business for Accenture and like Pierre said, it is made up of both BPO and Infrastructure Services. The goal of Accenture Operations is to grow both businesses, but as Pierre has said multiple times, what we are going after is the market opportunity to scale our as-a-service capabilities.

Now why is that? For years, our clients have asked for business services that they can plug into, and they also want to get off of on-premise technology. They want to move to the cloud, they want to pay for what they use, they want to get results fast and they want to drive business outcomes and they all want to do this at scale.

What our BPO and our infrastructure services businesses provide to us – they are growing, they are strong, they are the foundation for us to go after this as a service capability. They also present a huge barrier to entry to our competition. Now why do I say that? You don't create and scale and become a market leader in BPO infrastructure services overnight, and let me give you a good example. We mentioned earlier that an as-a-service business like procurement is something that we have at scale. And you remember, it has almost been a year since we purchased Procurian. And what we did is, we took Procurian, we put that together with our existing procurement business and over the course of this year, we also got deeper into a relationship with SAP to provide technology – and we have a business now that clients can plug into that is also differentiated.

What I mean by that is Everest says that we are number one in the marketplace with 30% market share. We also have momentum with recent wins at P&G and Diebold. A couple of key facts that I like about our business are that in the procurement business, we manage \$76 billion in spend, which gives us a tremendous amount of buying power. Then when you look at procurement, it is basically made up of 15 categories, and in those 15 categories, now we are deep in each one.

So now let me turn to talk a little bit about BPO and the market leadership position you have heard about us creating over the last three years. First of all, our strategies work. Plain and simple, our strategy was to take our best offerings to our best clients.

Now what do I mean by that? Our best offerings are offerings like finance and accounting, like procurement, like marketing. They are offerings that are cross-industry. But we also have industry-specific offerings like mortgage and like health, and our best clients – you heard Pierre talk about them – are our Diamond clients – we have 141 of them. So what we are doing is we are taking those offerings to those clients and getting ourselves in sole-source situations.

Now that execution of that strategy has allowed us to grow profitably for the last three years in double digits within BPO and continue to take market share. Now we win in BPO for four reasons:

The first one is delivery. We have an unmatched delivery capability with the Accenture Global Delivery Network.

Second is business outcomes. We deliver what I call fourth- and fifth-generation BPO and what that means is our clients buy business outcomes; they don't buy transactions and FTEs.

In terms of the third piece, it is our talent. Our talent is second to none, and what our folks are focused on is innovation. They are combining analytics along with industry insights. One of the stats I like the best is 86% of our folks in BPO are aligned to industries. So if you guys come visit us in our centers, you will see doctors, nurses, engineers, to name a few skill sets, who aren't processing transactions – they are actually doing high-end work. They are focused on making sure we are providing that value.

And then in the key regions like India and like the Philippines, we are the employer of choice.

The last part is technology. We have spent a ton of time over the last few years implementing technologies to remove commodity transactions. We have done this by implementing standard packages like SAP to remove invoices and also implementing our own machine-based learning tools that we call Minibots to remove that work. So you can see in BPO not only are we differentiated but we have momentum.

So now let's talk a little bit about infrastructure services and let me start by talking about some characteristics and some statistics. Infrastructure services we say is an end-to-end business, and what I mean by that is it provides infrastructure consulting, infrastructure outsourcing, security services and Accenture cloud services.

And we are seen in the marketplace as vendor agnostic, but we do have deep and broad alliance relationships with many of the top technology partners like Microsoft, like Amazon, like Cisco. In terms of scale, that is what we have too, because we manage close to 120,000 servers, 500,000 desktops and 2.2 million network devices.



Now when we talk about infrastructure most of our clients are not starting from a white sheet a paper. Most of them have made very heavy investments in legacy system. But through something that we call Intelligent Infrastructure, what we help our clients do is design, build and operate infrastructure that basically nails their digital business agenda.

Now an example I will use is one that Paul Daugherty already mentioned that we invested in over the years, which is Accenture Cloud Platform. What that platform does is it enables those clients to move their applications and their business processes to the cloud in a secure manner at speed with just one platform. As I stand here today, we have either done or are doing work with about 75% of the Fortune Global 500 or Fortune Global 100.

So as you can see, much like the BPO business, infrastructure services also is differentiated and has momentum.

So to recap, what Accenture Operations will go after is scaling this as a service marketplace and making sure that we can provide those kinds of capabilities to our clients. Now the only reason we can do that is because of the great successes of our BPO and our infrastructure services businesses and we will also continue to grow those.

So I am very confident that Accenture Operations will not only one, continue to drive profitable growth for the Accenture but also will continue to be a leader. Thanks. Pierre?

Pierre Nanterme - Accenture - Chairman & CEO

Thanks a lot, Mike. So we are done with that session and that was very important for us to share that with you. Because these last couple of years we invested a lot in transforming our capabilities and creating new capabilities in order to be even more relevant to our clients and deliver against the vision we have and the value proposition we are bringing to the marketplace, which is having four global capabilities, all world-class, all at scale, all leading in the industry. And when you combine all these capabilities, then we can deliver against this famous end-to-end.

We envision, we digitalize, we are providing the best technology delivery, and at the end of the day we can operate on behalf of the clients. If you think about the industry and I know you know very well our industry, how many companies in professional services could provide this end-to-end from true strategic services to digital services to technology delivery services and operations services? Only one, and today it is Accenture.

This is very demanding, as a positioning, this is very exciting but we believe we have really a very significant source for differentiation and for us this is the only base relevant to deliver around the transformation agenda, again for the G-2000 clients.

So we are very excited with this creation of our four new growth platforms. You have heard four extraordinary, four growth platforms, four brilliant group chief executives and they are all very good, very keen to bring their growth platforms to the next level.

So thank you very much for the excellent presentations and now we are going to move to the operating groups, to the industries, so Sander please join me. You know more about our businesses, global businesses, global capabilities at scale, all leading in the industry.

Sander is going to share with you the magic now of Accenture, our secret sauce, which is how we are bringing these capabilities to our clients and through a very specific role which is extraordinarily important at Accenture, the client account lead or the Diamond client account lead, which is one of the most prominent roles we have in the organization.

And of course the job of the operating groups is to bring the best of what you heard and every minute of every day of every year bringing that to a client so indeed at the end of the day we can deliver the transformation, the value, outcome-based.

So Sander, over to you to reveal the magic.

Sander van't Noordende - Accenture - Group Chief Executive, Products

Thank you very much, Pierre. I am going to talk a little bit about the secret sauce here because I do think that the operating groups are indeed the secret sauce of Accenture.



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But before I go there, I would just like to say I continue to be amazed and impressed by what these four guys are bringing to us every day. You can imagine that with those four guys behind you, you can beat any competitor any day at any client. And that is the beginning of the secret sauce, I would say.

But now it is time to have some fun with our client teams because at the clients – driven by our client account leaders – that is where the magic happens. That is where we bring all the things together, and that is where we say the rubber hits the road. And with that statement I would just like to draw your attention to the slide that I have behind me because that latest advertisement epitomizes what we do at Accenture.

We bring value to the client, we do it at scale, we do it in such a way that ultimately, the client allows us to use their most powerful symbol, Michelin, in this case, in our advertisement. And you can imagine that Pierre being French was particularly pleased with this one. He couldn't be more pleased. So definitely a great story there.

So the operating groups, they play a critical role in Accenture. You all know the operating groups because that is how we report on our P&L. But I would say the operating groups play a much, much more profound role than just reporting the P&L. We bring everything together, and I think at the end of the day, they are not only a key differentiator of Accenture but I do think we have the best channel in the industry.

And if you would ask me what are the operating groups doing, it is all about four things. First of all, it is about industry; secondly, it is about value, it is about being proactive and it is about driving relationships.

So let's talk about industry. Our clients expect us to know about industry, they expect us to know what is risk management in a banking environment, they expect us to know what is e-commerce in a retail environment. That is why we have management consultants and technology consultants in our operating groups who know the specific details of our clients' businesses, their strategy, their processes. Really important.

We have people in our operating groups who can propose deals to clients, who can put deals on the table that drive particular value for that particular client in that particular industry, not just generic.

Then it is about of course driving value because we can only bring high-performance delivery to life if we have an impact. And impact means we have to drive results and help our clients sell more – opening a new country, opening a new distribution channel, introducing a new product; spend less – smarter procurement, smarter operations, just cost-cutting is also something we do; or use less capital in the business – driving value is extremely important.

Proactive – proactive because our clients call us, but we call on them more often I would say. We bring ideas to them. We bring ideas to grow their business, we bring ideas to operate better, to sell more, to run their business in a better way. So being proactive is extremely, extremely important. And I would say not only do we bring ideas, but we put deals on the table, we put propositions on the table, we put skin in the game to drive that value with those clients.

And then finally, of course, if you know the industry, you are proactive, you bring good ideas, you execute on those with the clients, you build relationships, long-term and trusted relationships, and that is at the end of the day what it is all about. Because I always say if we deliver value, that is the best marketing of Accenture – delivering value is the best marketing of Accenture. And we can of course only do that if day in, day out we bring the best of Accenture and the best of these four guys to the client at that particular point in time – not the best of Accenture in Italy, not the best of Accenture in operations. No, the best of Accenture wherever we can find it in the organization.

You would say that sounds pretty simple but it is not. There's a lot of hard work involved there and the hard work is driven by our client account leaders and these are very senior leaders working at the executive level with our clients, shaping the clients' agenda, listening to what the clients need, being proactive, delivering value at the end of the day.

And that is not simple. It is hard work: You have to be there, you have to know the clients' industries, you have to build the relationships, you have to deliver, you have to resolve some issues every now and then. It is all part of the package, and a few of these very senior leaders are going to tell you how it's done.

We are going to hear from Caterpillar, we are going to hear from Telefonica and we are going to hear from BP. You will soon know why we selected these guys – because these are the best in the industry, they have some great stories to share with us. So let's see whether we can make the technology work here.

First, we are going to Chicago and this is actually a very great day for Brian May because Brian is our client account lead at Caterpillar. Normally he is in Peoria but for this day, and for this day only, we allowed him to go to Chicago.

So Brian, you already miss Peoria or how is that?



Brian May - Accenture - Managing Director

I do, although it is a beautiful fall day here in Chicago, I am going to be in my car driving back to Peoria right after this conference. So glad to be with you today.

Sander van't Noordende - Accenture - Group Chief Executive, Products

That is what I would like to hear. Right back to the client but not before you have told us the story of Caterpillar. Please go.

Brian May - Accenture - Managing Director

Perfect. Thank you, Sander. So I'm excited to be here today to represent the over 700 Accenture people who serve Caterpillar around the world every single day. And I'm proud to have worked on the Caterpillar account myself for more than 17 years and to be leading our global team.

As you know Caterpillar is a heavy equipment manufacturer based in Peoria doing business in nearly 200 countries around the world and Accenture has been working with Caterpillar for 27 consecutive years. To me this reflects the strong commitment to value that we bring to Caterpillar across so many parts of its business – from engineering to manufacturing and from dealers to customers.

I would like to share three great examples of how we serve Caterpillar globally at scale across a wide range of business functions. These examples demonstrate not only our ability to bring scalable, global services to our clients but also how we are bringing assets to market to accelerate value for our clients.

So the first area is connected machines. Like so many companies Caterpillar is looking to the Industrial Internet to connect its products, and we are leveraging the Accenture connected vehicle business service to help them do just that. This business service is actually powered by the mobility-managed service platform that you heard Mike Sutcliffe talk about earlier.

With this offering we provide end-to-end services including telematics to help Caterpillar collect data from their products and more importantly, to create new services and solutions for their customers. For Caterpillar this is an important part of their strategy to drive innovation, sales and ultimately growth.

The second area is dealer management. We have been working with Caterpillar's global dealer network for almost two decades. We've got some very exciting work going on including a new partnership with SAP to bring a leading-edge technology platform to Caterpillar dealers. Today the Accenture Dealer Management Solution, or ADMS, is bringing new capabilities to dealers including analytics and mobility for sales and service.

In addition to ADMS, a few years ago we took our relationship with these dealers to the next level and we acquired the rights to Caterpillar's proprietary dealer management system. This has allowed us to offer the solution directly to Cat's dealers and at the same time letting Caterpillar focus on its core business.

Through our Global Delivery Network, we provide high-quality service at scale for Caterpillar's dealers at a significantly reduced cost. If you follow Cat, you know this is a very high-performing group of dealers and it has really been great to have worked with them for so long.

And then finally, the third area is growth markets. Several years ago Caterpillar asked Accenture to help accelerate growth in developing parts of the world, in particular in Asia. A key part of this was working alongside Caterpillar to ensure that all of their factories in that region were using proven business processes enabled by a common SAP base business system. Today this solution has been deployed at more than 40 manufacturing facilities and it has been a key contributor to Caterpillar's growth in that region.

The other exciting thing is you may have noticed this program highlighted in airports all over the world as part of our global ad campaign.

So overall, the scope and scale of our work with Caterpillar and the innovation we have driven demonstrate our marketplace differentiation. It is a great example of Accenture's unique ability to deliver outcomes and high performance, in this case, for almost three decades. We look forward to many more years of success with this great client.

And with that, Sander, I am going to turn it back to you.



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Sander van't Noordende - Accenture - Group Chief Executive, Products

Thank you very much, Brian. Obviously what I like about this story is the innovation at scale globally in emerging markets. That is just a great job. Brian, thank you to you and team for being great stewards of the 27-year relationship we have with Caterpillar. Thank you very much.

So now let's go to Madrid and in Madrid, we have Dana Eaton. And actually something I really like about Accenture is here we have an American woman living in Madrid, looking after our global Telefonica relationship, and she is going to talk to us about the work we have done with Telefonica in Brazil.

So Dana, I am sure you are totally up to speed with tapas and summer these days.

Dana Eaton - Accenture - Managing Director

Yes, actually it is a sunny afternoon here in Madrid, so hello to everyone from Madrid.

Sander van't Noordende - Accenture - Group Chief Executive, Products

Dana, tell us about what you have done with Telefonica in Brazil.

Dana Eaton - Accenture - Managing Director

Okay, great. I'm happy to be here this afternoon to talk about our work with Telefonica and specifically with Telefonica Brazil. I have had the pleasure of collaborating with them for more than a decade and this is a terrific example of helping a long-term client transform its operations and to gain more value from its strategic investment in Latin America.

To set the stage, Telefonica is the sixth largest telecommunications company in the world and the second largest in Europe. You may know some of its brands, including Movistar, O2 and Vivo, which operate in 24 countries across Europe and Latin America. Accenture has been proud to work alongside Telefonica for more than 15 years. Today more than 2,000 Accenture people around the world provide business process transformation and IT services to this important client.

Recently we took our work to a new level with Telefonica in Brazil, its largest market in Latin America, when it acquired Vivo, Brazil's largest wireless company. For the newly branded Telefonica Vivo, Accenture proposed a transformational initiative to make the company more efficient at its core with a more robust, agile and innovative operating model to support growth. We leveraged our extensive knowledge of the communications industry, our BPO expertise, our management consulting capabilities and our proven experience in delivering successful transformation projects.

By bringing to Telefonica our end-to-end business process capabilities across a wide range of functional areas, we are helping to streamline processes, improve quality and deliver savings in excess of 20%. We are committed to delivering the process efficiencies targeted through traditional outsourcing arrangements, and we are committed to improving key business indicators that will drive additional value to Telefonica's top and bottom line.

In the end, successful long-term client relationships are about trust. We know Telefonica's culture, the business and their systems, and we appreciate the trust they placed in Accenture to deliver transformational change. Our work with Telefonica in Brazil brings our relationship to a new dimension, and we are excited about the possibilities ahead.

Back to you, Sander.

Sander van't Noordende - Accenture - Group Chief Executive, Products

Thank you very much, Dana, and what I like about this story is proactive – bring an idea, put skin in the game, transform at the heart of our clients' business and ultimately build that trusted relationship.

Dana, great story. Thanks to you and the team in Madrid and in Brazil.

Dana Eaton - Accenture - Managing Director

Yes, thank you.

Sander van't Noordende - Accenture - Group Chief Executive, Products

So now we are going to London to an old friend of mine, an old Resources friend. I used to be in Resources before, as some of you know. An old chap, as they say in England, Arthur Hanna. He was my industry managing director for Energy. He is now the managing director of the Strategy Practice for Energy. But first and foremost, he is leading our work at BP.

Arthur, I assume you are a happy man with Scotland and the oil staying in the U.K.?

Arthur Hanna - Accenture - Senior Managing Director, Strategy Practice for Energy

Yes, I think we are very happy about the decision that the Union remains the Union. and I am delighted that I am going to have the opportunity to talk to you today about my favorite client, BP.

I have had the pleasure of working with BP for over 14 years and today I lead a team of about 2,300 Accenture people who serve BP each day across very, very different areas of the BP business.

BP is a tremendous example of how Accenture operates and innovates at the heart of a clients' business and how we are helping BP transform in an industry that is changing very rapidly.

You all know BP: They are the world's fourth-largest energy company and they operate in more than 80 different countries. What you might not know is that BP is Accenture's longest-served BPO client dating back 23 years to our finance and accounting services agreement we signed in 1991.

We have developed a strong and trusted relationship with BP by drawing upon our deep industry knowledge and to help BP achieve its business objectives. Let me share with you just a few of those highlights.

Two years ago we signed Project Mariner with BP which established Accenture as BP's single global outsourcing provider. The goal was to simplify and standardize the global delivery model for our finance and accounting services that Mike talked about earlier. The Project Mariner deal brings to life the importance of delivering consistent results whilst also looking for ways to create and deliver even more value to a long-term client in the manner in which they deliver finance and accounting.

Today Accenture team serves BP from Bangalore, Buenos Aires, Manila, Krakow, and San Antonio. BP has been able to significantly improve the efficiency and enhance its internal financial controls and accelerate its transformation to a global business services unit.

So that is the business process and operations side of our work. However, we have recently expanded our relationship with BP around digital, and now we are truly moving into new frontiers. We are focused on what we call in the energy industry the retail renaissance. Major oil and gas players are rediscovering the opportunities in retail and investing to capture value from them.

Accenture Strategy works with BP to explore the implications of digital disruption in retail – what it means for the consumer, and importantly, what it will mean for BP in terms of business opportunity. Today Accenture Digital is helping BP transform its European's fuels and convenience retail businesses and we are bringing our analytics capabilities and insights to create a much more innovative and competitive customer experience for BP.

We are very excited, and most importantly, BP is very excited, too, about what these new insights mean in shaping strategic decisions for the retail business and what this will do in terms of making a big difference in terms of business value.

To me, serving BP demonstrates the power of our strategy and our differentiation. This is all about how we leverage strategic industry insights and industry expertise to develop new solutions that deliver tangible results for our clients at speed.

Back to you, Sander, from an old chap in London.



Sander van't Noordende - Accenture - Group Chief Executive, Products

Thank you very much, Arthur. What I like about the BP story – and it is very close to my heart because I was in Resources – is the longevity of the relationship, but you can only have longevity of the relationship if you bring new and innovative ideas, and that is what these guys are doing.

Thank you, Arthur, for doing a great job of course for you and the team.

I think you are now starting to get why the operating groups are a differentiator for Accenture because we do not have only these three, we have a few hundred of these types of people, a few hundred of these people who operate at that very senior level at the client shaping the industry, shaping the agenda, working the agenda, building the relationships.

And the acid test for us is of course, and Pierre said how proud he was of this –the 141 Diamond client relationships that we have built, and rightly so. But the acid test comes when we visit the clients, and you know that Pierre and all the GMC members visit clients a lot. So what do we like to hear from our clients? We like to hear effectively three things: You guys brought some really great ideas, really innovative – not just great ideas from my industry, but for my specific situation. We executed very well on those ideas; we delivered the value. And finally, we were not surprised, Accenture, because you have been doing this for many years and you are going to do it for the next many years to come.

So that is going to be the real acid test in a client meeting and that is what we are looking to hear.

So in summary, industry, industry, industry. You have to be relevant at the industry level. Value – you have to drive results for and with the clients. Proactive – bring ideas, not only ideas, but ideas that can translate into deals, into value propositions that we put skin in the game with. And last but not least, build on those long-term and enduring and trusted relationships.

Back to you, Pierre.

Pierre Nanterme - Accenture - Chairman & CEO

Thank you, old chap. We have been working for a long time with Sander, and he is absolutely a great leader. As you know, Sander has been our group chief executive for Resources and he was leading management consulting and now he is providing leadership to Products, which is another illustration of our ability to take our leaders and to rotate our leaders in different roles so we all could continue learning.

Hearing from clients is definitely what is the best. And I hope you enjoyed what you heard. For us that was huge, when we got the permission from our clients to showcase them. Most of what we are doing with them, as you might imagine, a lot is confidential and they are not that keen to share with the rest of the world what we do with them. And Caterpillar, of course, Michelin, we couldn't be more pleased. And Roxanne Taylor and the marketing team work very hard with our clients' teams to make sure that we can showcase clients, because at the end of the day, this is the real thing.

The other point, client account leaders, we all have been client account leaders at Accenture, all the leadership here. And I guess we all have retained what is making our client account leads different. Probably those three Ps, if I may say - it is professionalism, you can see they are on top of their game, they understand their industry, they are very deep. Pride the second p. We are all extraordinarily proud to work with these brands and these clients every day. It is a privilege, believe me and believe us, to have the opportunity to work with such companies, especially on their most mission-critical programs.

And the last p would be passion. We are passionate, we love our company, Accenture, but we love our clients as well and this is this alchemy which is probably making us, creating such a bond. I mean, imagine 20 years, 14 years, working side-by-side with clients in good and bad days. It has never been all blue sky. They are facing complexities, we are there. Accenture will always stand by our clients, with always this professionalism, pride and passion.

So we carved out some time for questions. We talked a lot. I hope we provided good information to all of you, and we have now 25 minutes or so before the break for questions. Then David Rowland, our CFO, will be on stage after the break. We will have Q&A till 10:30, then we will take a break of 30 minutes from 10:30 to 11:00, and then at 11:00 sharp we will all be back to hear from David.

I'm saying that because we have people on audiocast so they need to understand as well what is happening here. As David will make his presentation on our finance strategy or finance direction and will give you more numbers, please refrain your instinct of asking too many questions to David on some of our finance. We will have



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another Q&A session after David's presentation. I mean let's take the 25 minutes we have in front of us more for questions to the folks you have seen on the clarification regarding the strategy.

QUESTION AND ANSWER

David Togut - Evercore Partners - Analyst

Thank you, Pierre. David Togut with Evercore. Over the last six months, employee attrition has moved up from 12% to 15% and Bhaskar noted that two-thirds of your headcount is now in the GDN.

So my question is what initiatives do you have under way really to retain and develop your best people particularly in the GDN, and I am interested in particular in career pathing which would be really critical to keeping them.

Pierre Nanterme - Accenture - Chairman & CEO

You are giving me the unique opportunity to introduce, welcome Ellyn Shook. Ellyn, by the way, as well, is a new member of our Global Management Committee. If Ellyn could get a mic. So now, Ellyn, she is our new chief human resources officer who will be taking over from Jill Smart and joining, as well, the Global Management Committee. You are the mother of our 300,000 people now after Jill. So could you answer the question?

Ellyn Shook - Accenture - Chief Human Resources Officer

Sure, thank you. Thanks for the question. Our employees' number-one buyer value for their careers here at Accenture is interesting work, and I think and I hope what you heard from our leaders today is that the work that we do for our clients and the innovation that we bring provides interesting work for our people. Our attrition rate is well within our expected range. There are ebbs and flows in attrition but the real part of what we provide them is interesting careers through the Accenture career experience.

Pierre Nanterme - Accenture - Chairman & CEO

Are you concerned with the attrition rate?

Ellyn Shook - Accenture - Chief Human Resources Officer

Me? No, I am not concerned with the attrition rate. It is well within our range. We remain the employer of choice in our key markets and again, the number one buyer value of our people is interesting work and they are very excited by the work they get to do with our clients.

Pierre Nanterme - Accenture - Chairman & CEO

Bhaskar, are you concerned with what is happening from an attrition standpoint in the GDN?

Bhaskar Ghosh - Accenture - Group Chief Executive, Accenture Technology Delivery

I don't think I am concerned at all at this point of time because what I see is that the attrition varies from country to country, but what I see overall across our 120 countries and 50 locations is that it is very much under control. It is very much within the range, and most important is in the key geographies where we have large numbers of people – like India – we are the employer of choice, so that helps us retain the best talent and attract the best talent every day.



Pierre Nanterme - Accenture - Chairman & CEO

I guess in India it is interesting we are the employer of choice – the second. But I should mention the first one because the first one is Google, so it's interesting that in India the first employer of choice is Google; the second one would be Accenture – maybe not something you would have in mind when you think of Indian professional services, in our case, being our competitors.

Lisa Ellis - Sanford C. Bernstein & Co. - Analyst

My question is associated with Accenture Operations. One, as you are growing Accenture Operations and then also I guess the interactive business, how much of your revenue now or as you see going forward is coming from budgets outside of CIO budgets, outside of the CIO organization? Then on a related point, how do you see the adoption of your risk-based pricing models starting to impact your operating margins going forward?

Pierre Nanterme - Accenture - Chairman & CEO

Okay, so for Accenture Digital I guess on the budget, what is coming from IT, of course from Mike, and what is coming from non-IT, because I like the question indeed. These last years we have been famous for working really at the heart of IT, or at the heart of the enterprise and especially enterprise resource planning. And then we decided at Accenture to extend our reach to drive more growth and to extend, on one hand, on the marketing side of the value chain, if you will.

And that is why we decided to create Accenture Interactive and to go after the agencies; to be extremely clear, –after the CMO budget, which might be another story – happy to talk about it. We are extending, as well, much now on the operations really at the heart of what our clients are doing.

You heard about the partnerships we are making with GE on aircraft maintenance, Siemens on Smart Grid. So at the end of the day, we want to make it Accenture relevant across all the value chain of our clients. But could you tell us where the budget is coming from, Mike?

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

Absolutely. To start with, the chief marketing officers and the budgets they have to pursue new customers and create demand in their channels. So we work a lot with the chief marketing officers, their advertising budgets and all of the work that they do around their customer agenda. So we think of the opportunity to grow sales with our clients as a major opportunity. And you heard Mike talk about what we are doing in the operations space earlier. We actually do marketing operations work for a lot of the leading marketing firms in the world. That absolutely is an area that Operations is growing very aggressively.

We also see the combination of operational technology like plants, airplanes, etc. and information technology. So when we think about the IT budgets, the traditional IT budgets that are controlled by the CIO, we have to remember that there is a bunch of other IT spend that occurs out in the business around operational technology. That is expanding as well. But really I think I will ask Mike to talk a little bit about what he sees in the Operations space very specifically.

Mike Salvino - Accenture - Group Chief Executive, Accenture Operations

So in the Operations space, it is an evolution because a lot of these companies will start with the back office – so the back office thinks about F&A, thinks about HR, and then based on us delivering, when Arthur got up there and talked about the BP story, that BP story since 1991, started with us doing commodity transactions in F&A. That now has moved up into other areas.

And when you think about it, you think about our marketing offering. I talked about mortgage; I talked about health. We have got post-trade processing. Once we start delivering on the backbone, that gives us entrée, especially with our 141 Diamond accounts, to go into the business units and do more work.

Procurement also is a great example because when you look at the procurement budgets, they are not always just housed in one place. A lot of the business units own their spend and their buying power, which allows us to get further into the business units.

So I think it is an evolution, and as we deliver, we get more into the high-value space.



Pierre Nanterme - Accenture - Chairman & CEO

And of course it is allowing us to get to other budgets. The marketing budget was something we typically didn't tap before, so now we have access through Accenture Interactive to the CMO budget and of course, the more we grow operations here, the cost of our client is becoming the revenue. So again, it is outside the CIO space.

So that was very deliberate in our strategy to make sure that by increasing the reach of Accenture across the value chain, we are as well accessing budget, if you will, or a cost base which might become our revenues.

Joe Foresi - Janney Montgomery Scott - Analyst

Joe Foresi from Janney. I wonder if we could get an update on the impact of cloud on traditional ERP work and any potential derivative impact on your pricing model as people move more to outcome-based pricing?

Pierre Nanterme - Accenture - Chairman & CEO

The master of the cloud, and Paul, it is an extraordinarily important question. And indeed, it has been now, what three years, Paul, we have been tracking extremely precisely the impact of the cloud or the as-a-service as an extension on our more traditional business of the ERP to understand things such as cannibalization and our programs are evolving.

Paul, you are driving that for us. What are the latest information you are getting?

Paul Daugherty - Accenture - CTO

So as Pierre said, we have been tracking this for a while and when you look at this issue, we talk about the efficiency in the software-as-a-service model. Some of you refer to it as the compression in the effort and size of the projects.

As I said on stage, what we have seen is that the size of our software-as-a-service projects continues to increase in size and get closer to the on-premise projects.

Two years ago at our Investor Day we talked about a 25% to 35% less effort or compression in the SaaS projects compared to the on-premise. Last year we updated that and told you that they were getting closer in size, and it went to 15% to 25% of compression. And this year, I would tell you it has continued to approach each other in size and we are at the lower end of that – compressing into the lower end of that 15% to 25% range. The reason as I said is our clients are doing more ambitious, bigger programs requiring more intense services to achieve their business needs.

The other thing I would say is that just paint a picture of what this work looks like to make sure you all have a clear view of it in your mind. Whether we are doing an on-premise project or a software-as-a-service project, we basically do the same work. We design business processes, we develop requirements, we design the programs, we develop code to program the systems, we test the systems, we integrate to other systems, we convert the data, we train the users and we turn the system on.

The only difference between on-premise and software-as-a-service is the net programming stage where we write the code; there is less of that happening. Everything else in that lifecycle you still need to do, and that is why as our clients start to do things in the SaaS world that are similar to the confidence they have in the on-premise world, we will see more convergence in size of the projects.

Pierre Nanterme - Accenture - Chairman & CEO

So bottom line is the level of cannibalization is much more contained than we might have feared three or four years ago, and we are tracking that. As-a-service projects, at least for Accenture and the G-2000, are bigger than we expected, and the level of effort and cannibalization reduction is lower than what we measured three years ago. Right, Paul? So we are going to move from West to East. We will answer all questions.



Tien-Tsin Huang - JPMorgan - Analyst

It is Tien-Tsin Huang from JPMorgan. I just want to ask about digital. Just trying to understand the margin or the cost structure a little bit better about digital. I am guessing it is a higher mix of consulting, lower mix of GDN, perhaps, but also more platform as a service potential. So what does that profitability look like given that it seems like it is growing above average?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, on this I mean we are not going to comment on the economics by businesses because at the end of the day, as you know very well, we are reporting through our OGs, through our operating groups, and that is the way we report our economics.

That being said, if you look at Accenture Digital, under the responsibility of Mike, is we are doing all the different types of work in Accenture Digital. We are doing high-value consulting, we are doing some pieces which are application services, we are doing even some operations when we are running some of the marketing operations on behalf of our clients.

So clearly what we have in Accenture Digital is much more end-to-end and a piece of the full capabilities will interact. At the end of the day, the margin will be the result of all of this. The point is to make sure and that the job of Mike and the team is when we are selling on this patch high-value consulting, it is sold at the right price point. So the point is to sell each and every piece at the standard price point we have at Accenture and then the result of the Accenture Digital is the blend of everything.

But so far, I think we could say that we are pleased with where we are with Accenture Digital and Accenture Digital is a good contributor.

Louis Miscioscia - CLSA - Analyst

Louis Miscioscia, CLSA. So in Digital, or as some call it SMAC, the analytics piece is actually very important. Could you just go into again a little bit more detail about the growth you are seeing there and also there are some very big competitors in that space. How tough do you think the competition is? And if you could go into detail on that, that would be appreciated.

Pierre Nanterme - Accenture - Chairman & CEO

Sure, so Accenture Analytics, Mike.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

So we think of this as three markets. First of all, there is the business intelligence market which is actually going through quite a bit of change itself. That is the more standard market that we have seen in the past and there is a tremendous amount of work being done by Oracle, SAP and others in that business intelligence market to kind of retool it for the next generation of business intelligence.

So it is a growing market, lots of demand, lots of clients, they are finally saying that the tools are ready to give them some of the capability that they have historically cared about.

The second part of the market which we find tremendously interesting is what we describe as Advanced Analytics. So this is where you need PhD level data scientists who have backgrounds in machine learning and cognition engines and different types of data science who can apply that in a very specific way to very specific industry problems. For us that is a very, very rapidly growing part of our business and that is where we see the most demand coming at us in the short term. I think there is widespread recognition across the entire industry, there are just not enough data scientists to go around. So the more that we can find and train and bring to this particular part of the business, the better.

The third part of the business is analytics as a service, where we have actually been working with the different technology providers that we talked about earlier to create solutions that we can provide as a service out into the industry. So for us all three pieces of the business are very dynamic, there are different participants in each of the different sections of the business, and what we are trying to do is partner with all of the different technology providers, rapidly develop our centers of excellence in different types of data science, and create very industry-specific solutions that we can take out and provide as a service. I hope that answers the question.

Pierre Nanterme - Accenture - Chairman & CEO

Could you say a word, at a high level, on the competitive landscape because it is still a forming environment with I guess the competition, which is quite fragmented and everybody is trying to race to get there.

Mike Sutcliff - Accenture - Group Chief Executive, Accenture Digital

Absolutely. The analytics market literally has thousands of boutique consultants who are specialists in particular industries or specific technologies. It includes all the major technology providers, who are all trying to advance their business and capabilities that they are bringing to the market. And then of course we have people who are just bringing sheer capacity of data science skills to the market and they are coming in from a completely different angle of basically just renting the expertise of their data scientists into the market.

So we think it is incredibly fragmented. We are in the early stages of growth in the market. The good news for us is that every single one of our clients is building this capability internally and they are looking for more services from us, because the opportunity to apply analytics is in every single one of the assignments we do across digital whether it is a customer analytics job, an industrial Internet job, an e-commerce platform, it doesn't matter. Analytics is embedded into literally every single job that we do across the digital platform.

Pierre Nanterme - Accenture - Chairman & CEO

Thanks, Mike.

Ashish Sabadra - Deutsche Bank - Analyst

Hi, this is Ashish Sabadra from Deutsche Bank. Pierre, thanks for sizing the ERP, \$6 billion that you mentioned. Can you just help provide some more color what you are including in the ERP business. Is it the systems integration only, or does it also include the upfront consulting and the backend outsourcing? You may think of the outsourcing of those ERP. And the second part of the question would be as the ERP transitions to SaaS, what happens to the backend outsourcing or offshoring of those ERP that you may be currently doing? How do you transition those revenues? And as you look toward your Ambition 2020, how do you see that \$6 billion moving to either high-velocity ERP that Paul mentioned or SaaS? Thanks.

Pierre Nanterme - Accenture - Chairman & CEO

So maybe, Paul, you could give a sense of this and maybe some clarification on how you see this evolution from the on-premise to the high-velocity ERP which is going to be more SaaS-based and how that might evolve our business?

Paul Daugherty - Accenture - CTO

Yes, so first of all in terms of a definition of ERP, we define ERP as the spectrum of functions that you would expect in an ERP system from planning and forecasting through supply chain, manufacturing, inventory, order processing and the financial and human resources components that underpin that. There is a broader, it is a part of a broader family of application software with CRM and other solutions that we don't include in ERP in the way we define the market, which is consistent with the way most of the market defines ERP. So we are operating with the standard definition of ERP.

To your question on systems integration versus outsourcing, we actually, in general, as we see our business move from on-premise to software as a service, we do see a continued viable and strong business for application maintenance and continuing to serve clients after they deploy the platform as well. That is well-established in areas that we have been at for a while, like salesforce.com, where we are number one in the market with salesforce, we've deployed many solutions and we're operating many solutions for our clients' salesforce.com solutions on an outsourcing basis. And the same is true for the other software as a service solutions that we are implementing for clients.



Pierre Nanterme - Accenture - Chairman & CEO

So, Paul, to be crystal clear, as Steve would say, I mean the question is, and the idea might be that with the as a service, after the implementation, you don't need any more application management or application outsourcing?

Paul Daugherty - Accenture - CTO

So, that is not true. You do need the application maintenance and the application outsourcing after the implementation and it is a viable business. And it is very common for us when we sell the software as a service implementation to also sell the long-term outsourcing business along with it.

Sara Gubins - BofA Merrill Lynch - Analyst

During the delivery discussion, I thought the comment about using intelligent IT to drive 40% savings was particularly interesting, and I am wondering as that expands, is there an opportunity to grow revenue faster than headcount in that segment and potentially more broadly?

Pierre Nanterme - Accenture - Chairman & CEO

Breaking revenue from headcount, that is the big question, or an evolution, because at the end of the day we will always be a people-based business. We have now 305,000 people at Accenture, but indeed we are trying to bring more productivity and this is exactly what Bhaskar, and Mike as well, alluded to during their presentations when they are talking about intelligent IT. And what I like the most of course are the Minibots of my friend Mike Salvino, this machine learning while improving the productivity, and you are starting to break the revenue to people, or at least to improve significantly the productivity.

So could you tell us a little bit more, Bhaskar, on this intelligent IT and how you break people to revenue?

Bhaskar Ghosh - Accenture - Group Chief Executive, Accenture Technology Delivery

So I will say that intelligent IT has got two components. In one part it radically improves the productivity where it reduces the human effort, it improves throughput and in that case it reduces the need for people and less in that case. So that is what is going to happen as we do more and more automation, more and more technology. The other side of the intelligent IT that we talked about is it brings more analytics, it is more business value which helps us to drive the engagement and get more value out of that and the client can get that value.

We get a lot of insights on the application - the way it is running - through our analytics, and that helps the client to drive the business better. So that is more the business value part of the intelligent IT. So we've got two components, the first part definitely helps us to drive more revenue productivity.

Pierre Nanterme - Accenture - Chairman & CEO

Okay, we're going to take the last one, I don't want to create any frustration. There is going to be another session. We will have a 30-minute break so if you are lucky you can extract some answers from our management, who will be participating in the break as well. But the last one.

Darrin Peller - Barclays Capital - Analyst

It is Darrin Peller from Barclays. Over the last few quarters, really the last couple of years at this point, we have seen more evidence of demand from Europe for more of that offshoring and I guess you have referenced labor arbitrage, but it is obviously more than that now. And I think we have seen you guys call out the last couple of quarters some impact to margins associated with some shift you have seen to some extent with clients looking for more of that. I guess we would just like to hear from you guys on how the GDN is really transitioning and have there been any success stories with some of your clients in Europe shifting over to that strategy? We get a lot of questions from investors on what that could mean for your margins. While it might be sort of a little bit slower now, it potentially could expand more materially going forward if you are very successful in that strategy.



Pierre Nanterme - Accenture - Chairman & CEO

Yes, I will definitely answer on this European question. Indeed if you look at how the world has been adopting outsourcing, whether in the form of application outsourcing or in the form of business process outsourcing, more or less the Anglo-Saxon corridor, the U.S., the U.K., the Nordic countries have been the early adopters. Then you have Germany, and indeed three big countries in Europe were late in adopting the outsourcing: France, Italy, Spain. If you look at this, it is moving now and it is moving quite rapidly. And frankly we are very pleased with the steps our outsourcing business powered by the GDN is taking in France and in Italy. Probably Spain is remaining a more complex and difficult country, but as you know they are still facing some complex economic conditions. And so I would say Spain is probably not yet out of the woods.

But if you look at now Italy, France and I would add Germany as well - and I'm talking about the Global 2000 again, the companies we are working with, they are all extraordinarily global, they need to move to this digitization on one hand, rationalization on the other hand, and rationalization has a lot to do with BPO, application outsourcing and driving new models.

And of course if I am taking France, we have recently, and I can't mention the name, but we have recently one of the major wins where Bob Sell and Mike Salvino have been joining forces between Communications, Media & Technology and Operations to be the partner of the restructuring of one of the largest electronic equipment companies, where we are indeed providing all the operations support, I guess F&A, HR, we are always doing all of the IT support for this electronic industrial equipment company and communication equipment company, at scale. And that is probably one of the largest operations and indeed it is based in France, so we can see that happening.

The second question and I'm sure there are going to be questions on margin and the role of the GDN, David is going to be delighted to answer all the questions regarding margin in a few minutes.

So with that being said, I guess it is probably time for a break. Enjoy your coffee. The management as well of Accenture and leaders will be around so feel free to tap on their shoulder and ask your question. We need to be back at 11:00 sharp for our friends on the audiocast. Talk to you in 26 minutes.

(Break in progress).

Unidentified Company Representative

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

Pierre Nanterme - Accenture - Chairman & CEO

They love doing that - and I love that voice, I mean it's - could you do it again? It is so great and just fantastic, yes. Thank you for welcoming me back.

So now we're going to move to the last section of our morning and, again, welcome back to the people participating with the audiocast. It is my pleasure to introduce David Rowland, our Chief Financial Officer. He is probably the one you have been expecting all the morning the most, who will give you all the information you need regarding the financial performance at Accenture and how we are planning to drive sustainable and profitable growth. So over to you, David.

David Rowland - Accenture - CFO

We sometimes talk about something called expectation management, so maybe you - everything they need, maybe not. We'll see.

Pierre Nanterme - Accenture - Chairman & CEO

Well, at least everything you want.



David Rowland - Accenture - CFO

Exactly, so thank you, Pierre, and good morning to everyone. It is really great to be with you this morning in this forum and to have the opportunity, along with my colleagues, to talk about our business and to really showcase what we think is a truly distinctive story and one that sets us apart from our competition.

As I think about a year ago, I stood up here, there has been a lot that has happened in our business over the last year. And as you listened to our leaders this morning, I hope you have a better understanding of why we feel so good about our business – from the focus and clarity of our growth strategy, to the pace and scale at which we have executed against that strategy over the past year, and certainly to the strength and depth of our leadership team which we think is unequaled in our industry.

So for the next 15 minutes or so I want to build on what you have heard so far and to talk about how our strategy translates into an attractive shareholder value proposition. And then first I want to talk about our guidance as part of that.

And then secondly, I want to talk about three key imperatives for driving sustainable shareholder value. And for each imperative, our key areas of focus and why we believe in our ability to deliver. And then, as Pierre mentioned, following my comments, he will rejoin me onstage and we will do our best to entertain your questions.

So let me start by just briefly summarizing the key elements of our business outlook, which I covered just two weeks ago. But in an effort to make sure that everyone is kind of grounded in the same set of facts, starting with bookings, our range of \$34 billion to \$36 billion aligns with our book-to-bill targets and supports our revenue range.

Regarding net revenues, we see a range of 4% to 7% growth in local currency with the midpoint being just above the 5% growth that we delivered in 2014. Digital-related services and operations will continue to be important drivers of our growth next year. And also, we expect inorganic will be closer to 1% as compared to the approximately 2% contribution that we saw from inorganic in 2014.

Modest margin expansion continues to be an ongoing objective, and we are targeting 10 to 30 basis points of expansion in 2015. Our EPS range of \$4.74 to \$4.88 yields 5% to 8% growth in USD, higher than revenue growth, and reflects a \$0.12, or 300 basis-point headwind, resulting from a negative 2% FX and a slightly higher expected tax rate. And we think it is important to evaluate our EPS growth in that context. And, finally, we see free cash flow in the range of \$3.5 billion to \$3.8 billion, which is roughly 1.1 times net income.

So just reflecting on our business outlook, we have many reasons to be encouraged for continued growth momentum. And while we have good visibility for the first half of the year, our business outlook provides for a variety of scenarios. But I can assure you, and as you have heard me say before, we work every day to land the year as high in the range as possible.

So now that I have recapped our 2015 business outlook, I thought it would be useful to review three essential financial imperatives that underpin our ability to drive shareholder value in fiscal 2015 and beyond and the basis for why we believe these imperatives are achievable.

Durable revenue growth – how our growth model serves us well and is the basis for continued profitable growth above the market.

Sustainable margin expansion – why it is that we continue to see our business delivering modest margin expansion and how the margin expansion fundamentals that you identify with Accenture remain very much intact.

And strong cash flow with a disciplined capital allocation model – our view of the characteristics of our business model that should continue to yield strong cash flow and our ongoing commitment to invest for growth while returning excess cash to shareholders.

So starting with durable revenue growth, the ultimate goal of our strategy is to create an engine for sustainable growth above the market. And in this morning's session there were many illustrations of our growth strategy in action. But in an attempt to boil it down to relatively few words, I would highlight four key elements that are truly unique to Accenture.

First, our diversified portfolio creates a strong foundation for durable growth and allows us to navigate the ebb and flow of the broader market. And this was well represented by Pierre's comments, as well as others, from the diversity and scale of our industries and our geographic markets to the diversity of our client portfolio – all important elements in creating durability of growth.

Second, our differentiated capabilities and offerings are unmatched in the marketplace. You heard many examples of this throughout the morning – from our highly differentiated GDN capability, to our industry-leading digital capability, to our unique position in the ecosystem, just to name a few – and there are many others.



Third, our ability to execute our acquisition strategy at scale – over \$1.5 billion in the last two years across 30 transactions, resulting in an important contribution to our growth from an inorganic standpoint, but also becoming a significant growth accelerator for our organic business.

And then finally, our ability to drive differentiated growth across five key dimensions of our business. And so, let me just explain this in a little more detail.

At the heart of our growth strategy we are focused on driving market-leading growth across five dimensions of our business, each with unique characteristics in terms of the market, the competitors and the capabilities and offerings. And this morning you heard Pierre and the other leaders talk about our business in these terms.

So we thought it would be useful to size our business so that you can understand the approximate scale of each and really, the extent to which we have rotated our business over the past few years to the areas with the highest growth potential.

So Mark talked about the strategy which contributed roughly \$2 billion of revenue in fiscal 2014. Management and technology consulting comprises about 30% of our revenues and includes our management consulting offerings as well as technology consulting, which includes complex, high-value, high-impact work across the system development lifecycle and advisory work for the IT function.

Bhaskar talked about application services, representing just over 40% of our business, and includes services that span the full application lifecycle covering building, enhancing and maintaining applications, both custom and packaged software in both existing and emerging technologies.

And Mike talked about – Salvino talked about Operations, a \$6 billion business, representing about 20% of our total revenues. And then finally, Mike Sutcliff, the other Mike, talked about Digital, which crosses all four of these dimensions and is a \$5 billion business representing about 17% of our revenue.

And then one final piece, just picking up on some of the comments that Pierre mentioned, is our ERP business. So let me comment on it in the context of what I have just described.

As a reminder, and Paul referenced this as well, we define ERP to include a subset of application software, both licensed package and cloud-based SaaS, including solutions for finance, HR and manufacturing, but excluding Accenture Operations and areas beyond ERP, such as CRM – and that is a standard, relatively standard, definition that we follow when we talk about our ERP business.

And then following this definition, ERP represents roughly 20% of our revenues with the majority of ERP work falling within our application services and management and technology consulting dimensions. So the majority of ERP would span those two dimensions, as I have just described.

It is also important to note that approximately 40% of our ERP revenue is being delivered as part of a multiyear contract, meaning 60%, or roughly 12% of Accenture's total revenue, is project-based ERP work.

So there you have it – I think most everything you wanted to know about the major dimensions of our business. But the important point is what do you take away from this? And I would suggest that there are four key points.

First, we have a unique growth strategy and are laser focused on executing that strategy in each of these five dimensions.

Second, we have scale in each business as a foundation for being a market leader in all.

Third, we have undergone a major rotation in our business, rapidly growing and achieving scale in the new, while continuing to maintain our strong position in the other parts of our business.

And finally, and you heard this earlier today, what makes Accenture truly unique is our ability to deliver services in each individual dimension while also having the unique ability to integrate end-to-end services across multiple dimensions to drive significant transformation and business value for our clients.

So moving to our second imperative, sustainable margin expansion, I stated earlier that our ongoing objective to drive modest margin expansion continues to be a top priority. And we believe our business and financial model allows us to achieve this objective by managing our business with rigor and discipline in four specific areas which provide opportunities for operational efficiency. In fact, I referenced these four areas on our earnings call a few weeks ago, so let me just briefly summarize them again.



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First, just as we recognize the uniqueness of each of the five business dimensions for purposes of optimizing growth, we also recognize the uniqueness of each dimension for purposes of optimizing profitability. In fact, each dimension has a unique economic profile in terms of the price points, the cost to serve, the selling cost and the investment requirements. And we intend to drive the economics for each dimension with a fit-for-purpose mindset, optimizing the profitability of each dimension and therefore the business as a whole.

Second, Accenture is increasingly becoming a portfolio of businesses, and I think you heard that in many different flavors from the comments earlier today. As such, we are raising our game and optimizing the overall profitability across the diverse portfolio of businesses that we have within Accenture.

Third, executing our talent strategy is an essential element to delivering our margin expansion goals. In this case, it is all about having a strong bias for being more granular, more fit for purpose so that our talent strategy is uniquely aligned with the diverse parts of our business. And in doing so, we have the opportunity to manage our overall payroll structure more efficiently.

And finally, we have ongoing efforts to drive higher levels of business operations efficiency, ranging from travel efficiency to things like leading-edge and more cost-efficient training, to the ongoing transformation of our management functions such as HR and finance.

Each of these four areas offers opportunities to not only support our goal of modest margin expansion, but to create the necessary headroom in our P&L so that we can invest in our business in a differentiated way to support our profitable growth objectives in the future.

The third essential element of our shareholder value model relates to our cash flow and capital allocation. This is an important element of our financial model and a truly distinguishing characteristic of Accenture, both in terms of our ability to generate significant cash and our know-how for productively using our cash to drive shareholder value.

In looking at our business, we believe that the four drivers of cash flow remain intact. We are committed to managing the efficiency of our cash operating expenses. We will continue to have a capital-light business model. We will continue to be disciplined and industry leading in our DSO management. And while there is an ebb and flow of large cash outflows which can vary greatly year-to-year, we don't see any structural changes in those items.

On that basis, our business outlook for cash flow in fiscal 2015 is a 1.1 free cash flow to net income ratio, which is very consistent with our historical norms, as you see on the left-hand side of this slide.

With regard to capital management, we believe our approach to capital allocation is as relevant for the future as it has been in the past. The fundamental tenet is a very strong capital allocation strategy which continues to support the growth of our business and return the surplus cash to our shareholders.

We continue to target roughly 10% of our operating cash flow to capital expenditures, with roughly 15% to acquisitions, but certainly have the ability to ramp up higher than that, as we have demonstrated over the last couple of years, leaving a significant level of cash remaining for share repurchases and dividends.

So we have a durable capital allocation model, one that is established and well understood by our investors and one that we believe will continue to serve us well in the future.

So to briefly summarize, there are two key points that I want you to take away from my comments.

First, fiscal 2015 is about continuing to execute our growth strategy at speed and extending the momentum that we have in our business. We continue to be focused on growing faster than the market, expanding our margins and generating strong cash flow.

Second, we believe that we have a durable model across the three essential elements of driving shareholder value, and we are intensely focused on executing in each of those three areas.

Having said that, and you have heard me say this before, we take nothing for granted. We know that we have to work hard every day to deliver on our potential. But I feel very good about our business, how we are positioned for 2015 and beyond.

So with that, Pierre, we will, I think, open it up for questions.



Pierre Nanterme - Accenture - Chairman & CEO

Thank you, David. So I guess you have, now, a sense of the overall story of Accenture, I mean from our strategy, how we execute, where we invest, what is making us relevant, differentiated and competitive. And now the final piece is around making us – having a very clear roadmap on how we are creating shareholder value with a very predictable business outcome. And we have a lot of time for questions.

Ashwin Shirvaikar - Citigroup - Analyst

Hi, Ashwin Shirvaikar from Citi. Appreciate the high level of information, first of all; that was quite useful. I guess a two-part question. One is, when you look at the growth parts of the company that you highlighted today, Digital, 17% of the business, growing very fast. Obviously, BPO growing fast and so on. What is the offset? Because overall you have probably a third of the company growing double digits, but your guidance is – organic guidance is mid-single. So what is the offset? More importantly, I guess, in view of your transformation of the company, how long are we going to be in this air pocket of sorts before we come out on the other side? And then I have a free cash flow question.

David Rowland - Accenture - CFO

Okay, well first of all I would say that 7% growth in the third quarter and 8% growth in the fourth quarter is – I would say is pretty good evidence of coming out of the so-called air pocket. But, we have called out that while many, if not most, of the dimensions of our business are really generating good growth, we do continue to have some concentrated areas that are more challenged. We specifically talk about Natural Resources as a specific industry that is going through more cyclical pressures than anything else. And then we also have one other industry which we have also talked about, Insurance, which is more related to a particular client situation.

And so, we really have – if you look at our Resources operating group in particular, Natural Resources specifically, that is in the mix of our overall growth. If you look at our other four operating groups, even taking the fourth quarter as the most recent example, the growth profile across the other four operating groups is quite strong in aggregate. Yes?

Pierre Nanterme - Accenture - Chairman & CEO

And you might add on where we're putting more attention from a geographic standpoint. I mean countries such as South Africa where we're putting some recent effort. So it is always a combination of an industry and a country where we have more work to do. So we are looking at this weaker place and taking actions.

David Rowland - Accenture - CFO

Yes, hope that helps. Thanks for the question.

Ashwin Shirvaikar - Citigroup - Analyst

No, it does. Just a quick free cash flow clarification. The 1.1 times, is that a go-forward, pretty stable number? We can admit it is a pretty good, impressive number. It is lower than – it is higher than last year but lower than the prior three years before that. But is 1.1 something we can sort of take to the bank, so to speak?

David Rowland - Accenture - CFO

Yes, well I am not guiding for anything beyond fiscal 2015, to be clear. In fiscal 2015, that is our view. I guess one way I would think about your question is that – and I realize I might've gone through the slide fairly quickly, but I think the slide will be posted. If you look at what our historical ratio has been, really, fiscal 2014 was the anomaly for the reasons that we mentioned, primarily in our second-quarter.

If you look at the year before that, while the reported ratio was below 1.0, there were two unusual items in that year which you will recall, one of which was the top-off of the pension program in the United States, that if you were to look at the structural cash flow in that year adjusted for those two items it would've been 1.1 as well.



And so, if you believe that history is a predictor of the future, you would say that our historical norm has been 1.1 or higher. And what we are guiding to for 2015 is 1.1. Yes?

Keith Bachman - BMO Capital Markets - Analyst

Hi, it's Keith Bachman from Bank of Montreal. I wanted to ask you about the operating margin expansion. If you start with this past year, your operating margin expansion was a little bit lower than the historical norm and during the course of the year, you mentioned compensation, or pricing, I should say. Could you talk a little about, as we look at this coming year, what you think the puts and takes are that would take you to the low end or the high end of the range? In particular, how you're thinking about the competitive landscape, particularly the forces of pricing, is that going to be an impact? And then I have a follow-up. Thank you.

David Rowland - Accenture - CFO

Okay, great. Want me to jump in on that?

Pierre Nanterme - Accenture - Chairman & CEO

You are the master of margin, David.

David Rowland - Accenture - CFO

(Laughter), so let me work backwards on it and start with pricing. First of all, I think all of us would characterize the pricing environment as continuing to be very competitive. Having said that, when you look at pricing as defined, as being the margin of the work that we sell, the margin percentage of the work that we sell, we did see stability in the second half of the year and, in fact, some improvement over the pricing pressures that we had called out in the first half of the year.

And as you can imagine, even recognizing that the environment is competitive, we challenge all of our business runners to continue to drive pricing on a positive trajectory. Now, it is our challenge to deliver against that, but we did see some stability in the second half of the year.

In terms of the puts and takes, at the end of the day the number one thing that drives our profitability is the level of payroll efficiency that we have in the business. And there are many aspects to how we manage payroll efficiency. First of all, it relates to the level of compensation increases we give across our workforce. Utilization is another factor. Our ability to efficiently manage the pyramid within each of our talent segments is another factor. And then our ability to manage, for example, the mix of resources between GDN and non-GDN would be another factor.

And so, I would say, generally speaking, where we land in that 10 to 30 range is largely going to be driven by our ability to execute with precision against all of the levers that we use to manage our payroll.

Now, I called out four areas of focus for margin expansion: portfolio optimization; fit for purpose in each of the five dimensions; talent strategy as a way to optimize payroll; and business operations efficiency. Those are not mutually exclusive. Payroll is a component of all of those, and so at the end of the day, managing through those four areas that I called out as well will impact payroll efficiency and that will be the biggest driver.

Keith Bachman - BMO Capital Markets - Analyst

Thank you.

David Rowland - Accenture - CFO

Sure. Thank you.



Jason Kupferberg - Jefferies & Co. - Analyst

Hi, it's Jason Kupferberg from Jefferies. Two quick questions. First off, if we look at the midpoint, for argument's sake, of the fiscal 2015 revenue guidance. Can you give us a sense of what percent of that you have got very high visibility on in terms of contractual commitments versus maybe where you were this time last year on the fiscal 2014 numbers? And then can you just comment regarding M&A? Obviously you've opened the aperture there a bit the past couple of years. Would you do an acquisition of a big enough size requiring you to add debt to the balance sheet?

David Rowland - Accenture - CFO

Okay. You want to comment on our acquisition strategy and I will come back and pick up on the revenue?

Pierre Nanterme - Accenture - Chairman & CEO

Sure, sure. I am going to pick on the acquisitions. So on the acquisition strategy, it has always been very clear. It is very clear on, as you said, the cash allocation. We mentioned that we - every year we would deploy around 15% of our operating cash flow - I mean, the reality might be 15% plus/minus, but probably more plus than minus, given what we did these last couple of years. So 15% to 20%, that is point number one. So we have this very clear framework.

Second, we continue looking for very targeted acquisitions in some very specific areas of our business, so all of this is orchestrated with our growth and strategy - our chief growth and strategy officer working with the different businesses. As you can see, of course, we are investing in high-growth areas. Historically, a significant part of it has been through Accenture Digital. You heard about Fjord, avVenta, Acquity, i4C more recently. Another piece has been around Operations, and especially I am thinking about the last one with Procurian, which is extremely successful. So we have a very clear framework on where we want to invest.

We are making targeted acquisitions because our growth model is still that we are growing organically. And so, we are making acquisitions in the context of accelerating access to unique capabilities, such as Fjord - creative design in the digital world. And then we can build organic on top of those acquisitions. So that has always been our model so far, and we will continue with that model.

And finally, we are watching carefully everything which is happening in the marketplace. And of course, we are prepared to move if that would make sense in executing the strategy of Accenture, and for shareholder value creation. In case we will have an opportunity to do a slightly bigger transaction, but that is really in that order.

David Rowland - Accenture - CFO

Yes, and let me just comment on the first part of your question, the confidence in the revenue range, and maybe this color will help. Because we always like to talk about our business in terms of the five operating groups, and what I would say is that when you look at CMT, Products, [Health & Public Service] [corrected], Financial Services, those four operating groups all exited the year on a very strong trajectory. And in general terms, when I look at those four operating groups, I would say that each one of them has the potential, if not the expectation to be, at a minimum, at the Accenture average or better.

On the other hand, we have Resources and we do feel good about Resources being better positioned for sustainable positive growth and we are encouraged for several reasons. When you look at the four industry segments within Resources, three of those industries we have seen real progress in as well, as we exited the year, with the biggest challenge being in Natural Resources. But we think Natural Resources is still at a point in the cycle where Resources will be positive but below the average for the year.

We also feel very good - if you step away from the operating groups, we feel very good about our ability to continue to drive strong growth in Digital. We feel very good about the visibility and the hand that we have in Accenture Operations. In particular, I would call those two areas out. Now, where we land in the range is ultimately going to depend on the extent to which we can build on the momentum across the four that are all very well positioned, the degree to which we do that, and then also we need to deliver on our expectation that Resources can be solidly positive but yet still likely below the average.

Jim Schneider - Goldman Sachs - Analyst

Jim Schneider from Goldman Sachs. I was wondering if you could comment on the Operations and BPO business for a moment. Specifically, that area has figured prominently in some of the client vignettes that you mentioned or talked about earlier... is that an area where you intend to grow perhaps a little bit faster? Is it an area



where you would intend to do more M&A potentially? And can you maybe talk about the impact of that potentially on margins and how you think about the growth in that area versus the margin profile and margin expansion opportunity?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, I guess I will take the beginning. I am sure Mike could build on that and maybe we can talk around margin. But when you look at Operations, what it is going to achieve is, at the end of the day, our strategy is to be end-to-end from strategy to project execution, digital and technology and running operations on behalf of clients. This is our definition of end-to-end. Why we are doing that? Because this is what our clients want, the big and large corporations. And they want that because on their agenda, you have all this digitization on one hand and rationalization on the other hand.

When you are tackling the agenda on rationalization, rapidly you are getting to the discussion with clients around we would like you to operate, on our behalf, part of our business so we can concentrate on the core and channel our investments on what is core for us. So, that is why you see all these Operation agendas going up. But they want a different value proposition today. In the past, you have this famous lift and drop. You are taking my operation, you are doing the same cheaper. It is not the case now. No one in the industry wants to have the same cheaper. They want something new, better, where we invest on platforms and we provide the service which is much better than the service provided by the client. I am thinking about Accenture Post-Trade services we announced recently, which is a business which is going to be one to many. We decided to offer to banks Post-Trade services on the leading-edge platform we are investing in, which is Broadridge.

So it is not about taking the operation and moving, at a cheaper cost; it is about moving them to a leading-edge platform. And this is what we do in each and every of your flywheels, Mike. We are providing better solutions and better operations, so we are investing in lieu of our clients. And then finally, we are now moving to another generation of Operations which is the one we like a lot, which is going to be rich on everything. It is going to be rich on technology, it is going to be rich on analytics; we are going to provide much more value and it is going to be delivered differently, as a service. So when you look at this, it is a profound revolution and to some extent, if you are looking at this business, you have the revolution in the digitization. Mike and all of us are driving this revolution on making everything more digital, digitization of the operation or digitalization of the business.

And the other revolution is running operations of our clients, from an infrastructure standpoint and from a business process standpoint, in a way which is going to be radically different from what BPO or infrastructure was 10 years ago, running data centers or running operations the same, cheaper. And we decided to significantly invest in these two areas because they are clearly responding to a growing need for our clients. So that is why we have been very deliberate in channeling our investments and repositioning our portfolio of business on Digital and on Operations, given the nature of the demand, and as well the differentiation we can drive to the business. And we believe we could do that while maintaining or expanding our margin. Right, David?

David Rowland - Accenture - CFO

Yes, correct, yes. Our goal for each of these businesses is to have market-relevant profitability, and in typical Accenture fashion, that is the minimum expectation; we want to be better than the market, because we want to be better in everything we do. And we are not going to comment specifically on the margin of each individual business, but we feel very good about the profitability of our Accenture Operations business. When you look at what, let's say, the market standard would be for profitability, that business performs very well.

Lisa Ellis - Sanford C. Bernstein & Co. - Analyst

Hey, David. Can you talk a little bit about the long-term trajectory on operating margins? Meaning for many years, right, increased leverage of the use of the GDN has been providing significant leverage on margins, right? I think it was gaining at about 3 percentage points per year for five or six years. That has now slowed down dramatically, suggesting that you have kind of run out the runway on using labor efficiency. So not just solving for 2015 but like looking out further, what do you see as the next play, the next leverage point? Is it pricing? Is it platforming? Is it something else? How do you think about that?

David Rowland - Accenture - CFO

Yes, yes.



Pierre Nanterme - Accenture - Chairman & CEO

I can take the, I mean the...

David Rowland - Accenture - CFO

You want to go ahead and jump in then?

Pierre Nanterme - Accenture - Chairman & CEO

I love...

David Rowland - Accenture - CFO

However you want to do it.

Pierre Nanterme - Accenture - Chairman & CEO

I love answering questions anyway, so – because I have a point of view and I love sharing my point of view.

David Rowland - Accenture - CFO

I yield the stage to my fellow ... By the way, if you haven't figured it out – this is something I do regularly (laughter).

Pierre Nanterme - Accenture - Chairman & CEO

Yes, from labor arbitrage to productivity to automation and to platform. This is what it is going to be in our industry. So – I mean, you are right. We will always find some way of improving the labor arbitrage. But the “way one” has been completed these last 10 years. And now – and I am looking to my friend Bhaskar or even – I mean, Mike, when you were mentioning your famous – yes, generations and your new robots, your Minibots and the intelligent IT. The second wave is around driving more productivity. And it is all the programs presented by Bhaskar around more automation, intelligent IT, all what we are doing.

And all the Minibots, so the machine learning tools and techniques we can introduce in the processes so you can replace an operator with a system and start breaking the revenue to people equation. So that is going to be – I think we are going to get to much more productivity, and so the potential is more ahead of us by using these new automation technologies.

And then you have the platform, because with the platform, and especially platform as a service, then you're moving to the one-to-many place. This is the hypothesis and value proposition of the as a service. You have the famous multitenant platform, so you are investing once, which is what we are doing with Post-Trade services, for many of the operations you are driving, Mike. And then you have your platform and you are going to serve multiple clients, not only from IT but as well from a business process standpoint. That is why we're so keen to invest early, ahead of the curve, on this business process as a service. And the only way to get prepared for business process as a service was for us to combine infrastructure platform with business process.

Bear in mind that indeed in 2007 we invested – right, Paul? – in cloud, analytics, in 2007, so ahead of the curve to start understanding what these businesses could be for Accenture. And now we are leading with Accenture Digital in all these SMAC technologies. To a great extent what we are doing with Mike and Operations by combining infrastructure and business process is to start thinking about the future and inventing this platform as a service which is going to be the ultimate solution for productivity. Right, Mike? You would agree? Mike would have said that much better than me, but I felt like doing it.



David Rowland - Accenture - CFO

And I would say as well, the four areas, or opportunity areas for margin expansion go well beyond fiscal 2015. Now we - I am not guiding on margin expansion beyond 2015, but if you look at those, each of those four areas, there is a lot of runway for us to get the yield out of the actions that we can take.

What Pierre is talking about, this whole fit-for-purpose mindset around recognizing the discrete economic, the economic profile for each of these pieces of our business. And then managing and driving everything we do so that we are fit for purpose in the way we price, in the way we structure our delivery costs, in the way we invest, in the way we sell. Fit for purpose for each of those dimensions, as an example, and the things we have talked about in terms of automation, that is one of many tools that we can use to be fit for purpose in each of those businesses. So that has a lot of potential, we think, as one example.

Brian Essex - Morgan Stanley - Analyst

Hi, it's Brian Essex from Morgan Stanley. Thank you for taking the question. I wanted to circle back to another question that was asked earlier, which I am sure you are tired of by now, but it is application migration. And if you think about the price compression that you made reference to, but then the more, the much more efficient environment, I think a lot of investors are worried about application maintenance and price pressure on application maintenance. But if you think about how more efficient the application development, testing and delivery model is now than it used to be, all these toolkits, API networks, much more efficient process there. How do you think about price compression? How much is in the application development testing and delivery portion versus the maintenance portion? And how do you think that you are differentiated to absorb that compression versus your peers?

Pierre Nanterme - Accenture - Chairman & CEO

Yes, I am not sure we are going to look at the margins at that level of granularity around the sub-segments of our business. But Bhaskar, what you might just highlight is, indeed, how you are bringing more routine, more intelligence, more productivity in all this testing so you move into the next level of productivity gains.

Bhaskar Ghosh - Accenture - Group Chief Executive, Accenture Technology Delivery

So I talked about the intelligent tools and use of assets, very fundamental part of that is to drive the productivity. I believe the way we used to do it, to develop the software five years, 10 years back, that has completely changed. Today, we are driving significant productivity using these intelligent tools and automation. So I feel that that will be the new way of doing the work in the future and that will definitely drive the revenue productivity in the coming days.

Tien-Tsin Huang - JPMorgan - Analyst

Thanks. Yes, it's Tien-ting again from JPMorgan. I just wanted – the revenue disclosure is great. I am just curious, thinking back to bookings, given all the changes going on, how should we change our thinking around bookings and book-to-bill? I know we have talked about, David and Pierre, ACV as another measure to consider because TCY is such a tough thing to track in terms of duration. So can you give us any help on thinking about all of this and the impact on bookings? Thank you.

David Rowland - Accenture - CFO

As it relates to 2015, the guidance range of \$34 billion to \$36 million continues to be grounded in our book-to-bill targets of 1 to 1.1 for Consulting and a minimum of 1.2 for Outsourcing. And those ranges tie to the 4% to 7% revenue range. Tien-ting, I think as we continue to evolve our focus on managing these dimensions, we may over time refine and even share book-to-bill expectations in a way different than Consulting and Outsourcing, but we are not at that point yet. So really all I can tell you, or maybe the important thing to focus on, is that throughout fiscal 2015 and potentially beyond, but certainly in 2015, we're going to talk about our business in total for the five operating groups and for Consulting and Outsourcing. And we will continue to look at our bookings and make judgments on them based on how they stack up against our book-to-bill targets. And so, in our dialog over the next four quarters, that is still going to be front and center.



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Sara Gubins - BofA Merrill Lynch - Analyst

Thanks. Sara Gubins from BofA Merrill Lynch. Just following up on that, could you talk about how you are thinking about average project length in your various segments over the course of fiscal 2015? It has been a subject of a lot of discussion over the last couple of years. And I am wondering if we should see any shortening. Or if in fact, as we think about the end-to-end solutions, if in fact that should continue to lengthen. Thank you.

David Rowland - Accenture - CFO

Yes, we have not, we don't anticipate anything dramatically different in 2015 as compared to what we saw in 2014. One big swing factor will be the number of large mega contracts that we sign through the year. That will have a big, obviously a big impact on the average contract length, but we don't really see any, I guess, notable structural difference in the characteristics of the contracts, what we see in the pipeline as compared to what we have booked over the last, let's say two to four quarters.

Pierre Nanterme - Accenture - Chairman & CEO

And we have seen a good, if you look at last year, indeed, this kind of midsize, higher-velocity projects have been coming back in 2014.

David Rowland - Accenture - CFO

Yes, Tien-tsin referenced - you have heard us talk about annual contract value as a metric that we focus on internally. And I will say in 2014, that has made a lot of our business runners and client account leads more focused on selling projects that convert to revenue in the current fiscal year. But that focus in 2015 will be similar to what we started to focus on more in 2014; there won't be any difference.

Pierre Nanterme - Accenture - Chairman & CEO

With a probably clearer objective - of course, we had that discussion, and you are referring to this duration and the kind of velocity for a project to move from sales to revenues. And indeed, we set some more specific targets in terms of ACV, annual contract value, of our sales. So we are focusing the organization in driving this. So, sales converting into revenues more rapidly.

Jamie Friedman - Susquehanna - Analyst

Thank you. Jamie Friedman at Susquehanna. I was wondering if the company might have any assets that you would contemplate spinning out? And if that is too blunt a question, if you could share with us a framework for how it is that you think about maximizing shareholder value as part of your portfolio optimization comments earlier.

David Rowland - Accenture - CFO

Yes, as part of managing our business, we have a disciplined process that we go through on a regular basis where we look at all of our assets, those that are performing better than expectations, those that are not performing to expectations. We give consideration for where those assets are in their maturity curve, and we use that as a framework, as you would expect us to do, for really thinking through thoughtfully about, for example, are there assets or parts of our business that we need to double down on and invest more for growth? Or do we need to have other types of interventions based on the performance?

But we, and in fact of late, especially as our business is becoming more diverse as we have talked about in terms of the businesses that we have within the business, we have even more focus on that. And that will be an important part of our management rigor and discipline as we drive the business forward, given the way Accenture is taking shape.

Pierre Nanterme - Accenture - Chairman & CEO

And just to add color on this, because I understand where you are coming from on this, and whether we could create more shareholder value by spinning off some of the businesses, which could live on their own and so forth. So we are looking at this on a systematic basis and so far we have not, we didn't get to that conclusion. Now



the other point to bear in mind is our positioning in our value proposition is to take our different businesses and to channel to clients through the OGs. So even if you are looking at each and every business as a kind of, not standalone, but fit for purpose, which is a terminology I like a lot. Which is we need to make sure that our costs are aligned. We have a very clear set of competitors. The pricing is at the market level. The costs are at the market level.

But at the end of the day - and it is true for Accenture Operations, Accenture Technology, Accenture Digital and Accenture Strategy and everything we do - we are taking the solutions and we are channeling them to our clients, and Sander explained that very well in his section. So our businesses - most of them, all of them - are dependent on the channel. So this is the way we are organizing Accenture, so we are not holding a series of totally independent businesses you might consider carving out to externalize the value. So for us, the overall value is to take the businesses and channel to the clients. That is the power of the integration. Even if indeed we are looking at each and every business on a fit for purpose basis but not as a kind of standalone. So that was a good question to clarify.

Moshe Katri - Cowen and Company - Analyst

Thanks. Moshe Katri with Cowen. David, looking at bookings, I think you indicated that first-quarter bookings are going to be slower or maybe weaker. Maybe you can talk a bit about where the sources of weakness are. Is it more on the Consulting, on the Outsourcing side? And then is there a risk that you are going to have down the road to readjust your booking expectations for the year?

David Rowland - Accenture - CFO

Yes, I think I referenced in the script that bookings would be a little lighter perhaps in the first quarter. And it was really just a signal, as we do at times, so that you don't think we are surprised when the bookings come in closer to the range that we see for the first quarter. There is nothing that we are concerned about with respect to that, in the context of the \$34 billion to \$36 billion that we have guided to for the year. And in fact, when we look at our pipeline, we feel good about our pipeline. We are always focused on trying to grow it. Pierre always wants more origination and higher volume of the pipeline.

We will focus on that certainly in the first half of the year, as we always do, to make sure that we are well positioned for the second half of the year. But we feel good about where our pipeline is, going into the year. It supports the \$34 billion to \$36 billion range that I guided to. And the reference that we made to the first quarter was simply to signal that we have come off of many quarters where the bookings were just very, very high. And part of it is just to signal the expectation that that is driven sometimes by the high volume or a volume of large deals in a particular quarter that create some lumpiness. So we were just trying to set the expectation that the first quarter will not be one of those very large bookings quarters like you have seen in the recent, let's say, four to six quarters in certain instances. But we feel good about the \$34 billion to \$36 billion; we feel good about the pipeline and how it supports that.

Pierre Nanterme - Accenture - Chairman & CEO

And we are permanently putting massive pressure on our business leaders to grow the pipeline, especially with Bob Sell, who is leading our CMT. I am mentioning that because Bob had a spectacular year. So thank you, Bob.

Moshe Katri - Cowen and Company - Analyst

Just a follow-up on bookings. Was there any - in a typical year, which part of your bookings are generated from recompetes or renewals? And was there anything unusual this fiscal year on that part?

David Rowland - Accenture - CFO

There wasn't anything particularly unusual. We have recompetes and renewals across the entire portfolio. Generally, you're talking about multiyear contracts, so generally you are talking about what we have referred to as Outsourcing, but within Outsourcing we have recompetes, renewals as just part of our normal flow of our business.

Pierre Nanterme - Accenture - Chairman & CEO

Nothing unusual regarding the numbers. Final question?



Ashish Sabadra - Deutsche Bank - Analyst

Ashish Sabadra from Deutsche Bank. Thanks for squeezing me in. My question was about the Consulting growth, follow-up to the questions that were asked earlier. But just in terms of Consulting growth, that has accelerated in the second half of the year, but it is still lower than what we have seen historically, which was high-single-digits, low-double-digits. So in terms of looking at Consulting, when will we see that kind of an inflection point where Consulting moves from a low-single-digit grower to more like a high-single-digit grower? And if you can provide that in the context of the 12% revenue exposure that you talked about from ERP development work. So just help us frame that kind of a debate on the inflection point.

David Rowland - Accenture - CFO

Well, one comment I will make on Consulting growth is that - so we had 5% in the third quarter, 4% in the fourth quarter. But it's important to understand that what we have been talking about with respect to Resources and Natural Resources has actually had - was represented primarily in Consulting. And so when you look at the overall 4% number in the fourth quarter as an example, Resources is a drag to that number. And if you look at the other four operating groups, the Consulting growth at those four was obviously higher than the 4%. So we have seen some recovery in our Consulting growth, and there are parts of our business that we feel good about that have a big Consulting component, like Digital, as an example. And as Digital continues to scale, that will have a bigger, proportionally a bigger impact on the Consulting growth rates.

But Resources in the most recent quarter as a single operating group had much lower Consulting growth. The other four, in aggregate, had a pretty good growth rate.

Pierre Nanterme - Accenture - Chairman & CEO

Okay, I guess it is time to wrap up and I am sure you are all very busy and want to get back to the rest of your day. Thank you very much for attending your session here live, and I am as well talking to the people who have been following on the audiocast. I hope it has been very informative for you and you have been able to share the passion of the management of Accenture in presenting how we are repositioning our business for growth in this digital computing era. And I will let you go with a quote of Churchill - I am a big fan of Churchill. Now it is becoming more personal. And the quote is: "If you don't take the change by the hand, the change will take you by the throat." And at Accenture we are always taking the change by the hand, so we are investing ahead of the curve. We are innovative. We are taking major steps, as you have seen, to position Accenture for the future, to position Accenture for growth.

You've seen that through reinventing Accenture Strategy, reinventing Accenture Digital, re-creating our formidable position with Accenture Technology and, of course, being at the front line of the next wave of Accenture Operations. And all of this to provide superior value, superior results to the clients as you heard through our client account leads and with Sander.

I am extremely excited leading Accenture. I am extremely proud and I am extremely confident that we have the momentum and we can continue making Accenture the envy of the industry. It is going to be hard work, but you can be sure that all the management team here, they are all as passionate as I am to make this company absolutely a formidable company. And in closing I would like to thank our Board. Here we have two of our directors and I would like to thank the Board for the support, the contribution, the insights you are bringing to the management of Accenture to make us a better company, so thank you very much as well to you.

And thank you - I don't know whether they are listening to me - to the 305,000 women and men of Accenture because they are the magic of the company. Thank you very much.



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