

Accenture

2022 Investor & Analyst Conference

Conference Transcript

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## GREETING

**Angie Park:** Good morning. I'm Angie Park, Head of Investor Relations. It is my pleasure to welcome all of you that are joining us today. The theme of today's conference is 360° Value, Like No Other. We have an excellent program lined up for you this morning, and I'm pleased to say that we have a number of our leaders here to share it with you.

Let me remind you that some of the matters we will discuss in today's conference, including our business outlook, are forward-looking and as such, are subject to known and unknown risks and uncertainties, including, but not limited to, those factors set forth in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed with or furnished to the SEC. These risks and uncertainties may cause our actual results to differ materially from those expressed or implied during our presentation and are not a guarantee of our future performance. As always, Accenture assumes no obligation to update any statements made in these presentations.

During today's presentation, we will present information that reflects expected results for the full fiscal 2022. When doing so, for illustrative purposes, we are going to anchor to the midpoint of the range provided in our most recent guidance in March. Actual results may be higher or lower. Also note, we will provide revenue information for our strategic growth priorities, where revenues may overlap. Finally, during the presentations today, we will reference certain non-GAAP financial measures which we believe provide useful information for our investors and our analysts. You'll be able to find materials from today's session, including a reconciliation of non-GAAP to GAAP measures, posted to the Investor Relations section of our website.

So, once again, thank you for joining us today, and it is now my pleasure to introduce our Chair and Chief Executive Officer, Julie Sweet.

## CHAIR & CEO OPENING

**Julie Sweet:** Thank you, Angie, and thank you all for joining today. KC and I are excited to host our first IA Day together.

I begin every meeting of my Global Management Committee with what we call "a client value moment." A member of the GMC shares a client story. We do this to remind ourselves about why we are here—to create value for our clients by delivering on the promise of technology and human ingenuity.

So, we will kick off in the same spirit—sharing a video of five client value moments—to remind each of us that we create shareholder value by first creating client value.

## VIDEO – CLIENT VALUE MOMENT

**Dyllis Hesse:** I'm glad to be sharing this part of the day with you, because I think that as the Client Account Lead for Marriott International and as a member of the Global Management Committee representing the Client Account Leads of North America, I have one of the best jobs at Accenture. So I'm excited to start today by welcoming a few of our client account leads to share their stories with you.

What we do for our clients is vast. These stories are examples of some of the work we're doing and the value we're adding. And each success story is possible because of the depth and the breadth of services we provide across each client's enterprise.

For decades, Latin America's largest media conglomerate, Grupo Global, was the uncontested leader. But then things changed. Their two main revenue sources—advertising and pay TV subscriptions—had been disrupted by viewers moving to social media and streaming services.

**Luis Bonilauri:** The client's One Global plan to integrate was a great starting point, but looking at the competitive landscape and their potential, we encouraged them to think about how a total transformation could elevate their vision. We co-created a strategic three-part plan to reimagine the core in the cloud, grow the core while protecting revenue streams, and creating new business opportunities that would turn Globo into a media tech leader. We helped them build and launch a digital innovation hub leveraging emerging technologies, including our proprietary Accenture Multimedia Advertising Platform, which uses process automation, advanced analytics and artificial intelligence to predict customer advertising preferences.

The insights from that data allowed us to rapidly innovate and test digital products in the market. To support all of this change, the culture needed to change as well. Breaking down all the silos also means opening new lines of communication and nurturing a more collaborative mindset. Globo has seen significant financial and audience capture results. We are proud of those results, but our best moment as a team was when Globo CEO Jorge Nóbrega told us that even more valuable than the financial value we delivered is his belief that we have helped ensure the company's legacy will continue.

**Dyllis:** Eni, one of the largest energy companies, is partnering with us to achieve the Sustainable Development Goals set in the United Nations 2030 agenda and support an energy transition that will benefit the planet and promote efficient and sustainable energy access for all. To reach net zero carbon by 2050, it's imperative that they have a totally sustainable supply chain.

**Fausto Torri:** To support Eni, we are their development partner for Open-es, a digital platform that will ensure the entire supply chain is sustainable. We are embedding sustainability into every aspect of this transformation to support the move from commitment to action. We are pleased to be the lead partner for Plenitude, a company which is present on the market with a unique business model that integrates production from renewables, the sale of gas and electricity, energy services, and a large network of charging points for electric vehicles. These are significant changes, and we are using the best technology to build an efficient, intelligent business model that will support Eni for the future. We are truly grateful to be partnering with Eni to reinvent everything from its digital core to how it interacts with consumers.

**Jean Luc Brincourt:** Airbus' sustainability agenda is now a must for the business continuity of the future aerospace industry and this measurable transformation is fueled by quality data and digital technology. We were already partnering to digitize the core supply chain and manufacturing operations. With our Umlaut acquisition, an engineering consulting and service company, we increased Airbus' engineering capacity to transform further, because we have strategy, operations and technology working together to have a deeper business impact.

We operate today at the core of Airbus operations in almost all the Airbus business areas. For example, we have developed a digital twin pilot to detect failure in the planning stage on shop floor, providing Airbus with the tools, data and insights to anticipate and simulate production rates, increase impacts, reduce material waste, and therefore increase the overall supply chain sustainability.

Our enterprise-wide view, our passion for the aerospace industry, and our dedication to innovations are helping Airbus meet their business goals and embed digital into the core. By doing so, we prepare Airbus to change the aerospace industry for the better.

**Dyllis:** With fewer customers visiting branches and brands like Apple and Amazon entering the finance space, Fukuoka Financial Group's leaders needed to reinvent to appeal to Japan's digital native consumers.

**Masashi Nakano:** We partnered with Minna Bank to help them strategize across three core areas: consumer banking, banking as a service, and selling the platform. Brainstorming, we talked about cloud as a platform, data as an enabler, and AI as a differentiator—because we realized that delivering unmatched customer experiences with agility and speed will set Minna Bank apart and attract digital natives.

**Quan A. Yuan:** We co-created the core app to give each customer a hyper-personalized experience. In early March, the app was downloaded 820,000 times, and more than 300,000 new accounts were opened. Minna Bank won “Brand of the Year” at the 2021 Red Dots Design Awards, one of the world's three top design awards. We are looking forward to supporting their next step, selling the solution to other financial institutions around the world, and changing the industry for good.

**Dyllis:** And finally, advertising's biggest night of the year was a clear win for Accenture Interactive's client Coinbase. This ad aired during the big game, won multiple awards, scored significant buzz, and inspired 20 million people to visit the Coinbase website in the minute after it aired.

## CHAIR & CEO OPENING (CONT'D)

**Julie Sweet:** I loved being able to tell my daughters that commercial was done by Accenture. Hopefully, the video gave you a sense of our truly unmatched depth, breadth and excellence across so many industries.

Today, we will cover where we are, where we're going, and how we will continue to deliver on our enduring shareholder value proposition while creating 360-degree value for all our stakeholders. You also will have an opportunity to meet many of our outstanding leaders.

Starting with where we are ... We are No. 1 in market share globally and in each of North America, Europe, and the Growth Markets.

In FY21, North America—our largest market, at 47% of our revenue—was \$24 billion. Europe, at 33% of our revenue, was \$17 billion. And the Growth Markets, at 20% of our revenue, hit a milestone of \$10 billion.

We have gained significant market share over the last 3 years by leveraging our competitive advantages—our clients, people, services, partners, investments and the 360-degree value we create.

Our strength begins with the clients with whom we are privileged to work. In the last two quarters alone, I have done over 170 client meetings. Our clients are embracing change, setting bold goals, and recognizing that partnerships are critical to achieving their goals.

We work with leaders across 13 industry groups, including 89 of the Fortune Global 100. We also work with governments around the world. Ninety-eight of our top 100 clients have been with us for over 10 years—turning to us over and over, through many cycles, to help them become the next best version of themselves.

In March 2020, we had 202 Diamond clients, our largest relationships. Today, we have 244. Consider two facts: 70% of our new bookings are sole-sourced; and in the past two years since the pandemic was declared, we've had 156 clients with bookings over \$100 million in a quarter, a 50% increase from the prior two years before the pandemic.

This shows the scale of our work with our top clients and their level of trust, which sets us apart ... and is accelerating, as our clients increasingly have taken on bold transformation programs, often spanning multiple parts of the enterprise and in accelerated timeframes, which we call compressed transformation.

Our clients turn to us, first and foremost, for our incredible people. Every quarter I share with you our latest numbers ... now nearly 700,000 ... which shows how we can consistently hire great talent even in the tightest labor market in history. Our scale is necessary—but not enough. The true power of Accenture is our ability to attract and train great talent in a broad range of skills, such as our 16,000 Security professionals; 25,000 Applied Intelligence experts; and 250,000 people across Accenture with cloud skills; 4,300 designers, artists, and creatives; and over 26,000 people with Industry X expertise. We also have nurses and clinicians, medical doctors and actuaries, to name just a few of our other deep experts.

A key reason why we attract such amazing talent is because we are known for our unwavering commitment to inclusion and diversity, which allows us to tap into the broadest talent pools... and we know that diversity makes us smarter and more innovative.

This year, we were the highest-scoring company on the Bloomberg Gender Equality Index. We're on track to achieve 50/50 gender parity by 2025. And we take a broad view of diversity—including LGBTQ+, race/ethnicity, and persons with disabilities—where we are also widely recognized, including 15 consecutive years on the DiversityInc "Top Companies for Diversity" list, and achieving the highest score on the Human Rights Campaign Corporate Equality Index.

Our talent mirrors the depth, breadth and scale of our services. No one else has our sheer size or combination of strategy and consulting, technology and operation services—from creative to consulting ... from strategy to systems integration ... from marketing to manufacturing to managed services across the enterprise. While individually leading, it is how we combine these services that makes the impact—creating repeatable industry solutions and being able to execute compressed transformations because our solutions span building our clients' digital core, optimizing their operations and accelerating their growth.

Our strategy and consulting services—which include our leading industry, functional, technology, data, analytics and AI, creative, and corporate strategy areas of expertise—make us one of the largest in the industry, at \$15 billion for FY22, growing double digits.

All 13 of our industry groups are over \$1 billion in revenue, with 10 at \$4 billion or more, growing double digit. We are proud that we've been recognized as a leader in more than 50 industry analyst reports since FY20.

We are also recognized by analysts as a leader in data, analytics and AI, and were recently rated as the overall leader in artificial intelligence services by Everest.

We are the market leader in Technology Services, at \$38 billion in revenues for FY22, and Accenture has been recognized by Everest as the No. 1 Technology Services provider for the sixth straight year.

We are the No. 1 Systems Integration provider—more than double the size of the next—and the No. 1 Application Management Services provider, 50% larger than the next, both growing faster than the market.

Accenture Operations, at \$9 billion for FY22, is double the size of our next largest competitor with similar services. We are ranked No. 1 by analysts such as HFS Research across the managed services we provide for most enterprise and growth functions, like Finance & Accounting and Procurement, and select industry core processes; and we're ranked No. 1 by HFS Research in Digital Transformation in Action.

In Cloud, we called the market early and are the leader, with revenues of \$26 billion for FY22, up from \$1 billion in FY12, an increase of \$25 billion.

At a time when cyber-risk is top of the agenda, Accenture Security is a market leader, and we do everything from threat intelligence through managed security services, with \$6 billion of revenue for FY22.

Industry X is out ahead in driving the next digital frontier, at \$6.5 billion for FY22, and Accenture has been recognized as a Leader in 2021 by Zinnov across engineering R&D services, including software platform, digital thread, and IoT services.

Our Interactive business is the clear market leader, at \$14 billion for FY22 and was recognized as the largest Digital Agency globally by *Ad Age* for the sixth straight year, with Droga5 named "Agency of the Decade" by *Ad Age* and *Adweek*.

Every business is now a digital business, which means that technology and the partners that provide it are critical to our clients. At the heart of our strategy is having the very best, most strategic relationship with each of our ecosystem partners. We not only work together at clients; we also co-innovate with our partners to create the solutions our clients need to move with speed.

We are honored to be the No. 1 partner for nine out of our top 10 ecosystem partners, all leaders in the tech industry. Our work involving these partners represents approximately 50% of our revenues.

We also partner with the potential leaders of tomorrow—including growth-stage companies, industry-specific platforms, and early-stage startups—through Accenture Ventures.

Our consistent investments, year in and year out, including in acquisitions, R&D and training, underlie our growth. And when the pandemic hit, we had the financial strength to increase these investments.

Since March 2020, we have invested \$7 billion in acquisitions, compared to \$2.1 billion in the two years prior.

We expect to invest another \$1.1 billion this year in R&D. Patents are one measure of our investment in innovation. We have nearly 8,200 patents and patents pending, leading our industry. You'll hear more from Paul later about our proven formula for innovation.

Ellyn and KC will share more on how we invest in our people, but I do want to highlight our sophisticated learning organization, which has been the top winner of the Brandon Hall HCM Excellence Awards for six consecutive years.

In early FY21, we launched our strategy to embed 360-degree value in all our work for our clients, which my colleagues will share more about. We also began measuring our own success by not only our financial results, but also by how we are creating 360-degree value for all our stakeholders—and we now report against the six leading ESG frameworks. KC will highlight the 360-degree value we have created over the last three years. We believe this focus is truly valued by our clients, making us even more a partner of choice.

Today, we are the strongest we have ever been in our history. Our success is grounded in our ability to anticipate the future. Let us not forget that nearly a decade ago, in our 2013 Tech Vision, we were the first to declare that “Every Business is a Digital Business.” Accenture was the first mover in defining the market, and we have grown at a 10% CAGR over this decade.

What do we see now as we look forward?

There's one thing you can count on: The exponential pace of technology innovation will continue, creating the opportunity for one of the most exciting periods of positive change and progress for all in history. We believe the companies which will be the leaders in this next decade must harness five forces. And our goal is to help our clients be these leaders, and in doing so, create the next waves of our own growth.

Force one is total enterprise reinvention. Every part of every business must be transformed by technology, data and AI, with new ways of working and engaging with customers, and new opportunities for growth. This is the most profound change in business since the industrial revolution. We are in the early stages of reinvention in terms of both adoption and the on-going technology revolution that will continue to dramatically change what is possible, particularly in areas like Industry X and operating on the edge.

Next is Talent. Like Accenture, every business must be able to access talent; be a talent creator—not just a talent consumer; and unlock the potential of their people. Accessing talent will require companies to recruit from diverse pools of talent and to partner, which is one of the reasons our managed services have become so strategic for our clients. Becoming talent creators will require a mindset shift and a new set of talent basics, starting with the ability to

understand skills versus roles. And unlocking the potential of talent requires the right operating model and culture, the ability to combine the power of technology and people, and most of all, a commitment to help your people be “net better off” because they work for your company.

The third force is that every business must be a sustainable business. Embedding industry-specific sustainability into how companies and governments operate will not be optional. Consumers, employees, business partners, regulators and investors are moving in the direction of demanding companies to act, which will continue to accelerate as energy and food security rise to the top of priority lists of governments around the world.

Force four is the Metaverse Continuum, and our recent Tech Vision explains why what we call the Metaverse Continuum will impact every business—and it’s not just about tomorrow; it’s important to act now.

Finally, force five is the ongoing tech revolution. New forms of technology, along with the expansion of IT to disrupt science and other disciplines in new ways, will lead to further waves of innovation that stretch the imagination.

We have been investing at record levels to position ourselves for this next decade. And now my colleagues will bring to life each of these five forces and our role in helping our clients.

Over to you, Jimmy.

## **FORCE 1: TOTAL ENTERPRISE REINVENTION**

**Jimmy Etheredge:** Hello! I'm Jimmy Etheredge. I have been at Accenture for a quick 37 years, including six years based in Europe. I'm very proud to be CEO of our North America business, which is 47% of our total revenue. We have 116 Diamonds, including 18 in Accenture Federal Services, where we are a leader serving the U.S. federal government. Our success as a company is really driven by our strong focus on serving our clients, caring for our people, and improving the communities where we work and live.

Nine of our top 10 technology partners are headquartered in the U.S. and for each, the U.S. is their biggest market. And one of the reasons it is not a surprise, the U.S. companies often lead the way in the early adoption of new technologies. Now certainly, we see our clients here embracing total enterprise reinvention, and compressed transformations are driving our growth. Every day I am in the market talking to CEOs and their leadership teams, and the need for speed and results is always top of mind.

We are helping our clients build their digital core, optimize operations and accelerate growth. We are able to help them both move faster and be the connector, because Accenture can serve our clients across their enterprise. We create 360-degree value by bringing diverse teams, by embedding and upskilling and sustainability.

Compressed transformations are about translating technology, data and AI into value. This requires combining our industry and strategy and consulting skills, which includes functional, talent, and change management to be embedded in all that we do.

Because today speed is so important to our clients, we're often doing multiple things at the same time. We're helping them build and operate that digital core, leveraging our managed services. And, as you will hear from David, we help them more quickly grow through our sales and marketing services.

AIG is a leading global insurance company, and they're a great example of a client that has chosen to execute a bold, compressed transformation, helping them build their digital core in the cloud with modern tools and platforms. In only 18 months, they will have moved 85% to the cloud and significantly reduced technical debt.

We acquired their global shared services centers covering finance, underwriting, claims and IT services, and we welcomed 6,000 new colleagues. We're transforming these centers to lay the foundation for AIG's modern, digital insurance operation, using our SynOps platform, which has 50 different capabilities they were otherwise going to have to build.

So, that's a great example in Insurance and in fact, we serve all our 13 industry groups in North America, and the five forces that Julie described are all happening in the market today. Now, other than in Energy, where we're working with our clients on a shift to renewables and decarbonizing fossil fuels, Europe is ahead on the demand for sustainability services.

To be clear, globally and in North America, Force 1 is the driver of our growth, and as you will hear from my colleagues, we believe we are still early in the reinvention of every part of the enterprise.

Julie laid out the depth, breadth and scale of our services—and Karthik, Emma, Yusuf, Nigel, David and Leo will now demonstrate what those words really mean... and why Accenture is truly unique in our industry... by sharing how we are helping our clients. And it all begins with the digital core that underpins all this—so, over to you, Karthik.

**Karthik Narain:** Thanks, Jimmy and hi, everyone. I'm Karthik Narain, our Accenture Cloud First Lead. I'm a seven-year veteran at Accenture, and technology is truly one of my passions, so it's incredibly exciting to be in a role helping clients shape, move and operate their business in the cloud.

In the past two years, organizations have been tested for their resilience like no other time in recent history. Core business functions like customer service and supply chain face new challenges every day. The path to resilience is through total enterprise reinvention—and that begins with the digital core, which companies need to thrive—now and in the future.

The digital core starts with a modern, cloud-based infrastructure and security layer that is automated, agile and secure by design. The next layer of the digital core is data and AI, which helps enterprises ask new questions and find new answers to drive decision-making and development of new products.

Then comes the application layer—where new experiences and ways of operating comes alive. The applications layer includes moving and modernizing existing applications to cloud; and also building new, custom applications with cloud-native innovations. It also involves replatforming existing applications with SaaS or implementing other solutions built for cloud—to bring efficiency and innovation to enterprise functions, which you'll hear more about from Emma, Yusuf and Nigel shortly.

Cloud also makes it easier to incubate and integrate emerging trends into the digital core—like the metaverse and blockchain, which Paul and David will cover later today. All this requires new skills and ways of working—first within the IT organization, and then, broadly across the enterprise, as Christy and Ellyn will explain. To activate this digital core, companies need a whole-hearted commitment to laying the cloud foundation at scale. Cloud brings agility and continuous innovation into the digital core, to help companies respond to change.

There are three steps to being “cloud first” that I’ll talk about today: getting to the cloud; utilizing the power of the cloud; and operating on the Continuum.

Accenture launched Cloud First in September 2020 because we recognized that our clients urgently needed help to move, shape and operate their business on the cloud. Getting to cloud—or cloud migration—is just the first step. Over the last 18 months, companies have gone from about 20% in the cloud, on average, to having 30-40% of their workloads in the public cloud today—an acceleration made possible by new automated tooling like Accenture’s own myNav platform. So, there’s been a lot of progress in getting to cloud, but we are still in the early days.

Now when it comes to utilizing the power of the cloud, we are in even earlier days. Cloud was initially about IT efficiency and modernization. But the next wave is about driving growth and innovation. This is a massive market for us. And being a leader in migration positions us to help our clients in this next phase of cloud value.

This next phase involves reimagining every aspect of the organization. It’s a lot of change to tackle all at once. So, it’s no surprise that our research shows just 13% of enterprises that are in the cloud are using the full potential of cloud today. So there is a huge opportunity ahead. Let me give you an example.

Every C-suite executive that I talk to wants to unlock the power of data & AI in their business. The interesting part is—they have most of the data they need. But they need cloud to make their data accessible, at scale. They also need cloud’s advanced AI tools to turn data into intellectual capital like never before.

For example, Stellantis is using the power of data, AI, cloud and edge computing to improve quality inspections and reduce rework in one of their auto manufacturing plants in Brazil. As vehicles move through the assembly line, they’re able to detect and correct defects in real-time, like welding errors or incorrect placement of a logo shield. Edge computing helps them use data from sensors and cameras—right on the assembly line, where the work is happening, while cloud gives them the tools and horsepower to constantly train advanced AI models, so that the plant can continuously improve.

Many of our clients are also looking for ways to enter the platform economy—something their digital-native competitors have invented and perfected. Once companies are operating in the cloud, they can more easily activate platform business models, like Nippon Express is doing. This is a logistics business that dates back to 1872! Today, they’re on the frontier of innovation, helping pharmaceutical companies solve complex distribution challenges like traceability and cold chain. And they’re doing it with the power of platforms that bring together cloud, Edge, AI and IoT.

Now, operating on the Cloud Continuum. In the past, the term cloud meant “public cloud.” But today, when we say cloud, we mean the Cloud Continuum—which is a range of capabilities—from public to private to edge computing, all connected by modern networks and built with a zero-trust security mindset.

The hyperscalers and private cloud providers are all moving in this direction. The Cloud Continuum is where digital meets the physical world—whether that’s taking retail store inventory using computer vision; or performing surgery with a robotic assistant.

We are helping clients build and operate this new future, with specialized industry assets and hard-to-find talent, by co-developing innovative solutions with partners—as advocates for our clients and at a time when cyber threat and enterprise risk is ever increasing, we are building on our leadership in cyber-security services—which we estimate at \$6 billion in FY22. Our 16,000 security professionals do it all—from threat intelligence to incident response to identity management.

With all of this, we are defining a new era of secure cloud managed services—to help our clients move to and operate in this new world of Cloud Continuum.

So, as I’ve outlined, the digital core is the foundation of the modern, digital enterprise. And we are really just at the beginning of the total enterprise reinvention, with many miles to travel to fully unlock the power of the digital core. And we see a significant opportunity ahead—for our clients and for Accenture—to take the world by cloud!

Now, over to my colleague, Emma, to share how cloud and SaaS are transforming enterprise functions!

**Emma McGuigan:** Thank you, Karthik. I'm Emma McGuigan, and I am our Intelligent Platform Services Lead. I have been with Accenture for 27 years, and for me, it's all about relationships. Our work with our ecosystem partners starts with just that—a relationship that we can nurture into a partnership, just as we do with our clients.

I'm excited to share how, as companies make the commitment to laying the cloud foundation at scale, re-platforming enterprise functions becomes the accelerator and the enabler for greater resilience. SaaS is driving the standardization of processes and creates simplification, allowing for accelerated transformation.

Cloud-enabled functions are breaking down siloes and creating resilience to explore new business models. And sophisticated smart tools are providing additional capabilities through managed services to enhance those functions further.

So, let's talk about how we bring this to life through each of the enterprise functions. The role of the CFO has changed to become more strategic, setting the agenda for their organizations on future sources of growth and driving business-wide operational transformation.

KC talks about this in terms of needing “one version of the truth”; instant access to one set of consolidated insights; and data-driven decision-making to support agility and operational efficiency.

In a recent Accenture survey, CFOs indicated that 60% of traditional finance tasks are now automated, almost doubling from three years previous; but 88% have identified the need to capture new metrics.

Cloud-based enterprise applications are empowering these real-time insights, creating the agility to manage these new requirements and supporting strategic decision-making. As one hotel chain expanded its global footprint, it transformed its finance operations across more than 10 European countries onto a single, integrated ERP platform. With hundreds of different properties relying on disparate processes and systems, it was difficult to manage payments, track spending and control costs. Standardized and automated processes, data driven insights and new agile ways of working have driven efficiencies, reduced risk and improved customer experience.

As we look across the landscape of leading SaaS platforms and adoption by the world's largest companies, we remain very early. The platforms themselves continue to be built out with new capabilities, and to be future ready as emerging technology like blockchain begins to scale with scaled applications.

Modern platforms are only one part of the transformation. Companies need to use real-time data, analytics and AI, together with new ways of working, to truly unlock the value of the technology. This requires new digital skills. Many of our clients choose to work with us for managed services to digitize faster through our SynOps platform that has built in many analytics and AI capabilities, our expertise in new ways of working and our digital talent.

We helped a global food and beverage leader with presence in 140 countries to create an intelligent finance operating solution, safeguard its financial health and standardize their processes and data across their global operations to better manage future growth. We created a solution that connects technologies, talent, and data underpinned by a cloud-based solution for vendors.

We also know that people are the key to unlocking more value in the cloud. According to recent Accenture research, 52% of CHROs are investing in learning and upskilling opportunities to refresh digital skills to drive successful business transformation. As CHROs transform the HR function, they need access to new pools of talent and they need to create a culture of continuous learning to unlock the talent potential. Modern platforms are the enabler—giving people access to data, self-service models and personalization.

The HR transformation can be compressed further by adding managed services. A large North American retailer stuck with manual costly processes used SynOps, cloud-based technology and data-driven insights to strengthen its talent and HR operations and transform employee experience. With Accenture's support, the retailer achieved significant operational efficiencies and cost savings to reinvest in the growth of the business, automating a proportion of its HR operations, significantly increasing payroll accuracy and boosting employee satisfaction to outstanding success.

So, that's HR and Finance. Businesses also need a resilient, relevant, responsible supply chain. Recent Accenture research showed that companies with greater visibility of their supply chain are better positioned to weather all kinds of disruptions, providing better resilience. Re-platforming to a cloud-based solution provides structural visibility through insights and advanced

analytics. Adding in a control tower to provide dynamic visibility allows predictive visibility and autonomous execution—the keys to maximizing resilience.

So, I'd like to leave you with these thoughts:

What every client wants today is real-time insights; agility; predictability; and a trusted partner. As companies embrace total enterprise reinvention and move across functions, they also need new operating models that are cross-functional, and the ability to connect the best-in-class platforms for each function. Accenture's ability to not only understand their technology, data and AI needs, how to create value in their functions and how to lead the change, makes us a partner of choice.

Complementing re-platforming with managed services accelerates the path to value for our clients. Accenture's capabilities in enterprise platforms lay the foundations for the work we do in transforming the core functions.

Now, Yusuf will share insights into how we help to transform our clients' core operations through the depth and breadth of our leading industry solutions that touch the entire enterprise.

**Yusuf Tayob:** Thanks, Emma. I'm Yusuf Tayob, Group Chief Executive of Accenture Operations. I joined Accenture almost 22 years ago, and have a background in Strategy & Consulting and Technology....and most recently led one of our largest market units. Stewardship for our people, with a particular focus on creating and providing rotational opportunities and diverse experiences for our next generation of leaders, is essential to me.

Let me start with a quick recap. You heard Karthik talk about building the digital core, including transforming IT. Then, Emma discussed optimizing operations across the enterprise functions, which spanned HR, Finance and Supply Chain. I'm now going to talk about how we are optimizing operations in the core functions unique to each industry. I'll cover everything except for engineering and manufacturing, which Nigel will cover next.

Every industry has unique processes that require compressed transformation and that can benefit from a technology, data, and AI-first approach. For example, Insurance is about underwriting, claims and risk at the core. Health and life sciences is about R&D and patient experience. Retail is about sourcing, fulfillment and points of sale. And reinventing core operations involves cloud and SaaS-based technology platforms, data and AI as well as industry and functional expertise. This is the same formula, regardless of the part of the enterprise.

To give you a flavor of what we mean, here are a few examples:

In Life Sciences, we work with leading pharmaceutical companies to combine AI and humans in the abstraction of clinical trial data to get drugs to market more quickly.

In Banking, we leverage technology and data to shorten the time for an approved auto loan from two days to 30 minutes. And we process mortgages by leveraging workflow technology to reduce the decision-making time for underwriting, which enhances the borrower experience and improves customer satisfaction.

In Utilities, we leverage technology to support our clients' Smart Meter implementations, improving billing accuracy and reducing the environmental impact associated with truck rolls and manual meter reads.

In Public Service, we work at the heart of our clients' core operations, leveraging technology, data and AI, from public safety to human and social services to revenue and tax agencies, helping governments provide high-quality service to their citizens, while remaining good stewards of taxpayer dollars.

And one of my favorite examples is from the public sector, working with a client in one of our United States Midwest states. Our services touch or impact millions of residents. In fact, over 25% of the state's population. We create human connections through cost-effective digital channels, while also using AI to reduce potential fraud cases.

And in Accenture Federal Services, we helped the Department of Education reimagine its Financial Aid customer experience for 40 million borrowers. Together, we created a Next Generation Financial Services Environment—a single front door to digital services and customer care powered by cloud technology and emerging technologies, giving borrowers what they need, when they need it.

All of these industry solutions are enabled through continuous investment in thought leadership, talent development, solutions we built with our ecosystem partners and our proprietary, cloud-based technology platform we call SynOps, which we use for our managed services. SynOps orchestrates workflows, provides data insights, connects humans and technology, and leverages Accenture's deep industry and functional expertise. SynOps also integrates with our ecosystem partners' SaaS platforms that power our clients' organizations.

To bring this to life, let me share a case study of a compressed transformation that covers both core operations and growth in banking...

We have worked with BBVA, a global financial services firm, for more than 25 years—from its international expansion to its capital markets strategy. Now, we're working together to build a future-ready foundation for banking by accelerating BBVA's digitization; improving efficiency and cost; using data for better and quicker decisions; and enhancing the customer experience. As part of its compressed transformation and BBVA's talent strategy, we've acquired the people and banking knowledge of one of their back-office service centers. We're combining the power of analytics, AI and automation to create a new "intelligent" banking operation, with increased productivity, data-driven processing and decision-making—and up to 30% lower costs. And we're upskilling and developing our new people.

We're also helping to drive incredible growth in digital banking. In fact, 60% of BBVA's sales are now digital. Digital-native products like "one-click loans" will enhance customer experience. Analytics and AI are improving customer response time and providing real-time visibility on order status. By applying AI to operational data, BBVA has already seen a 20% reduction in processing time for its auto loans.

Our work together goes beyond operational efficiency and cost savings. It's about building a bank that will thrive in the future by developing BBVA's people and delivering real value to customers, so they can bank where, when and how they want to.

I hope this brings to life the vast opportunity we have to transform and run the core industry processes of our clients, which often matter most.

And that vast opportunity is certainly evident in Industry X.

**Nigel Stacey:** Thanks, Yusuf. I'm Nigel Stacey, and I am our Industry X Lead. I joined Accenture in 2019 as the Growth & Strategy lead for Industry X. I have actually been deeply a part of Industry X for most of my career—having spent more than 15 years working in industry running operations and finding new ways to drive productivity improvements, improve the new product introduction process handover between engineering and manufacturing, and constantly reduce cost. I understand the relentless pursuit of manufacturing excellence. I am focused every day to help our clients transform their operations through technology, data and AI, and the re-skilling required across engineering and manufacturing as humans and machines increasingly collaborate.

Building upon the need to digitize core operations, I'm so excited to talk to you today about Industry X, which is the digitization of engineering and manufacturing to help our clients reimagine the products they make and how they make them. We believe Industry X is "The Next Digital Frontier" in the enterprise.

Our recent survey of 1,500 manufacturing executives spanning 14 manufacturing and production industries showed that only 38% said they had deployed at least one digital technology to digitize engineering and manufacturing during the period 2017 to 2019. An additional 32%, on average, were planning to deploy at least one such project during the period 2020 to 2022.

As we can see, despite the Fourth Industrial Revolution starting about a decade ago, it is still early days, and the previous years were primarily focused on deploying sensor technology on production lines to understand the potential return on investments.

We began investing in Industry X, anticipating what was to come. Now, the technology and the need have come together to accelerate growth. Advanced technologies such as digital twins, robotics, AR and VR, the cloud, data and AI enable our clients to accelerate the digitization of engineering and manufacturing now.

Our clients face four burning platforms: to build greater resiliency, productivity and sustainability, into their core operations ... and accelerate the creation of new, hyper-personalized experiences for their customers with new intelligent products. Let's take a deeper look.

First, resiliency: The pandemic was and is the driver for the digitization of the core. The pandemic exposed that many companies weren't resilient and agile enough to adapt to rapidly changing consumer demand. Companies had to shut down production because they weren't able to run their factories remotely or adjust their production lines to demand that literally changed overnight.

Second, productivity: The pursuit of continuous productivity improvement has accelerated. This combination of digital, data and AI is enabling massive productivity gains to be realized within manufacturing as well as dramatically reduced product development and engineering cycle times, driving faster time-to-market for new intelligent products at a lower cost.

For example, we are helping Alstom, a European leader in the transportation sector, take their product lifecycle management system to the next level. We are deploying an end-to-end digital thread across their operations and implementing a new cloud PLM platform to increase collaboration across their design offices as well as integrate and standardize the company's engineering, manufacturing, and maintenance processes, allowing Alstom to become more productive, innovate new products faster, and stay competitive in an ultra-competitive market.

We also helped Petrofac, a large oil field services provider, set up a digital factory to help guide the design and deployment of future digital solutions. Leveraging worker and asset sensors, location trackers—along with cutting-edge AI, IoT, automation, machine learning, predictive analytics, digital twins and edge computing—we created an industry-first Connected Construction solution that gives site managers real-time visibility into what they need to improve operations, worker safety and productivity.

Three, sustainability is an imperative. Our clients now need to design and engineer sustainable products and manufacture those products in a sustainable way, as you will hear more about from Peter, Jean-Marc and Andrea shortly.

As we think about sustainability within Industry X, some of our programs are specific to driving sustainability improvements, such as reducing energy consumption or waste from the manufacturing processes. And many of our sustainability solutions are embedded into our clients' core operations; for example, how to design, engineer and manufacturer tomorrow's sustainable intelligent products.

Lastly, we live in a world where consumers increasingly want more intelligent, hyper-personalized products. These macro-economics are turning "pure hardware" businesses into software and platform businesses.

In a large European Industry X project, we're helping one of the biggest automotive OEMs in software-defined vehicles become a leading software-driven tech company. By implementing a single technology and software platform tapping into our multiservice teams and expertise from our recent acquisitions, including Umlaut, Zielpuls, and ESR Labs, we are helping combine automotive and software into a single digital ecosystem.

This will deliver more value quickly, creating seamless user experiences, while change management and communication strategies will enable employees to shift their focus to new and emerging software development. This acceleration into engineering and manufacturing diversifies our sources of revenue in the enterprise as we create value for new buyers with OT and R&D budgets in addition to IT.

Why are we uniquely able to do this? Back in 2013, we took an important step: We acquired the industrial and embedded software development business of the Evopro Group. Fast-forward to 2021, when Industry X made its largest acquisition to date in Umlaut, adding 4,200 engineers and consultants. Over the last nearly 10 years, we have grown organically and inorganically and in FY21, we had \$5 billion of revenues from industry X, growing double digit. And we continue to invest in the highly specialized skills of our people through numerous learning programs, new engineering and manufacturing assets and cloud-based platform solutions.

We also work with our ecosystem partners across the entire value chain, offering our clients unrivalled access to the best talent and technology at the scale and the speed our clients need.

We believe no other company has the breadth and depth of Accenture to realize this next Digital Frontier. Now Industry X is at the core of our clients' operations, and also fuels their growth agenda.

David will share other ways we are helping accelerate growth for our clients.

**David Droga:** Hi, I'm David Droga, CEO and Creative Chair of Accenture Interactive. I've been with Accenture since 2019, when my agency, Droga5, joined Accenture to merge our superpowers. One of my grand ambitions is to bring creativity to the boardroom, on equal footing and influence with technology and intelligence—because creativity is a powerful amplifier and it's code for what's possible and what could be and what should be.

Now, growth remains the number-one priority for CEOs, but most organizations are not yet set up for it, for today or tomorrow. And perhaps the most influential factor determining clients' success and growth—in both B2B and B2C—is just how relevant they are to their customers in such unprecedented times.

We know their customers have changed: 50% of consumers say that the pandemic has made them rethink their personal purpose and re-evaluate what's important to them. Their expectations have never been higher. Digital is now table stakes, and it's all about the new future: sustainability, trust, digital commerce, the metaverse and, of course, purpose.

At the same time, our clients' competitors and ecosystems have changed. Competitors are no longer relegated to one industry only. They're eating up available white space. Supply chain challenges persist, as Emma described, as do bad supplier and partner relationships, which lead to a lack of innovation beyond traditional industry boundaries. We know that customer behavior shifts will redistribute more than \$3 trillion across industries.

But in such unbounded times comes immense and competitive opportunities. Businesses need to evolve, but they are bound by convention. 93% of executives believe their functional silos are hindering their relevance and their ability to transform.

Thankfully, Accenture is a leader and a market maker, helping businesses drive growth through relevance (at the speed of life). We do this by helping clients put customers at the heart of everything they do and continuously redefine their role in their customers' future.

When I am talking to CEOs and CMOs, I am not only able to bring in some of the most recognizable ad agencies in the world. I will say with some humility that Droga5 has been recently recognized as "agency of the decade" by both Ad Age and Ad Week. We bring in unrivaled technology, data, and AI knowledge and capabilities along with the industry expertise needed. It is no coincidence that we are the number 1 partner with all of our largest ecosystem partners and a leader in strategic managed services that allow them to move faster and access our talent.

Our clients see us as their growth accelerator and they're coming to us when they need to innovate to evolve. We helped a prestigious pet food company extend their brand purpose by identifying and incubating new business opportunities to enable happy and healthy pets. Powered by the combination of a modern cloud-based CRM solution, the data and analytics of a hyperscaler, we helped them make it easy for pet parents to track and monitor their pet's

activity, connect with other pet parents and chat with pet advisors as well as family-centric loyalty programs. The company has transformed from being a physical-only pet food brand to a physical and experience-driven organization.

But clients are also coming to us for Sales and Commerce Transformation. They ask, how do I sell more goods online or on digital marketplaces? And how do I make it seamless for my customer?

Accenture's Grow SMB solution is a great example of this: small to medium-sized businesses play a pivotal role in platform companies' value chains. However, there is a major disconnect, especially in the area of onboarding SMBs to platforms. While 80% of platform companies believe they are effectively supporting SMBs, only 45% of SMBs agree. Our solution enables experience-as-a-service, which delivers innovative and personalized experiences for SMBs. At the same time, onboarding-as-a-service can deliver faster SMB onboarding and create a stickier platform experience.

Leveraging this solution, one multinational technology company that provides internet-related services successfully onboarded over 900,000 SMBs across 13 cities powered by a well-oiled structure of 300 tech-enabled field force agents.

Clients also turn to us for Marketing Services, to drive more engagements with their brands across all digital channels. We helped CVS Health deliver 500 million customer communications in support of the more than 32 million COVID tests and 59 million vaccinations that CVS Health administered in 2021 alone. Serving more new customers was made possible through our work to scale CVS Health's retail marketing services and transform its front office to be able to provide more accessible, personalized content at a scale of thousands of personalized messages across touch points at accelerated speed, 26% to be precise, and reduced marketing costs by 30%.

We have decades of experience with partners and industries and are continuously growing and expanding our capabilities organically and inorganically—most recently having announced our innovation and leadership agenda in the metaverse.

Together, our capabilities represent a market of one—more than just a proven destination for clients, but rather, the trusted partner in transformation and real and tangible 360-degree value. It's why we are growing at an incredible rate and have become the top destination for tech, data and creative talent in the market. I could not be more bullish.

Now, Leo is here to give us a great example of how clients responded to the pandemic with an urgent commitment to drive growth via compressed transformation. Leo.

**Leo Framil:** Hello, I'm Leo Framil. I've been with Accenture for 25 years, and I am our Latin America Market Unit Lead. In addition to taking care of our people, I'm actively engaged in helping to address the many social inequalities in our region and making positive change happen in our communities.

The stories that you have heard my colleagues share powerfully demonstrate the way Accenture helps companies grow using the power of cloud to build their digital core. We have also heard how managed services ensures resilient and efficient operations while at the same time, changing customer expectations result in business opportunities.

Now let's look at an example that brings to life the power of cloud to create new businesses at the intersection of industry, technology, and geography. This case study also illustrates how we help clients create 360-degree value, including reskilling, inclusion & diversity, sustainability and improved experience.

Our relationship with Natura & Co embodies the power of cloud to transform its business. This fast-growing global beauty group—home of the trailblazing, purpose-driven, iconic brands like Aesop, Avon, Natura, and The Body Shop—perfectly exemplifies compressed transformation. It is a company that is simultaneously transforming the retail experience, moving into a digital commerce model, and expanding internationally.

This is a classic illustration of how our end-to-end industry knowledge and functional expertise can enable major transformations across various parts of a company to help it become more resilient, efficient, and primed for growth.

Natura & Co is a multichannel business model that includes nearly 8 million consultants and representatives worldwide, engaged in relationship selling beauty products to over 200 million consumers. When COVID-19 brought widespread lockdowns, we needed to support the reinvention of that relationship model quickly. Natura & Co pivoted to digital social selling and e-commerce, making the necessary tools available to their entire network of sellers in their homes and upskilling them with extensive training and support to ensure success.

Thanks to our long-term relationship and integrated programs spanning from strategy to execution, we leveraged our strong partnership to help Natura & Co build a new B2B and B2B2C e-commerce engine, design their retail expansion strategy, and reinvent their digital content creation and production. Broad experience and the highest efficiency were our north star. We have created a new cloud-based digital relationship selling core and implemented comprehensive intelligent operations to support business strategy for the company's future growth and international expansion. It will allow Natura & Co to execute specific strategies in each country based on the same digital core.

These initiatives have improved productivity for nearly 2 million of Natura consultants in Latin America and have driven sustainability impact by upskilling the consultant network. Also, by digitalizing more than 30 million paper-based brochures annually, Natura & Co will avoid the disposal of almost 900 tons of paper and 930 tons of greenhouse gas emission.

While this transformation was taking place at home in Brazil, Natura's international expansion efforts continued in Latin America and Asia, mainly leveraging The Body Shop expansion. We helped the company design and implemented the technology backbone to enable the entry strategy.

Our relationship with Natura & Co is living proof of Accenture's unique superpower to imagine and drive change by bringing our end-to-end capabilities to bear on 360-degree transformation to grow, support, and future-proof companies. It is what enables us to create better experiences and ensure sustainability.

Now, back to over to Jimmy to wrap up Force 1.

**Jimmy:** Thanks, Leo. Well...as you've heard, there's a lot of runway to dramatically impact the modern enterprise—and what's exciting is we're still in the early stages of the growth cycle. Our approach to total enterprise reinvention is unique—in two ways.

First around capabilities and expertise and relationships. We combine our unparalleled expertise in technology, data and AI with our privileged, deep relationships across the technology ecosystem and our wide-ranging industry understanding of how clients can optimize their operations and accelerate their growth.

And second, as their 360-degree value partner, we are helping our clients embrace new ways of working, bringing them people development, I&D and sustainability.

Now, let's turn the presentation over to Ellyn who will talk to you about Talent.

## **FORCE 2: TALENT**

**Ellyn Shook:** Thanks, Jimmy, and hi, everyone. I am Ellyn Shook, Chief Leadership and Human Resources Officer, and I've been with Accenture for 34 years. Something that many people don't know about me is that I have walked 741 consecutive days since the pandemic started because my ability to take care of our people starts with taking care of myself.

I'm joined by my colleagues, Christie Smith and Mahesh Zurale, to share the three things that we do for Accenture and for our clients—how we access talent, how we create talent and how we unlock the potential of all people.

Together, they're magical and that magic is possible because of the building blocks that we've laid over many years by bringing a combination of the best innovations, applied intelligence, and brilliant minds together to create the perfect blend of technology and human ingenuity.

I'll start with accessing talent. We've added nearly 200,000 people since the start of fiscal 21, in one of the tightest talent markets any of us have ever experienced.

While the talent market is constrained, we're not. How do we attract talent at this scale? It starts with what we do...people are really motivated by the cutting-edge work we do with market leaders.

And how we do it. We create value while leading with values... because what matters most to our people is what we say matches what we do—it strengthens trust.

And, because our people are drawn to strong purpose and our talent brand, we're able to attract roughly 4.6 million skilled candidates per year—including 600,000 employee referrals – through what we call “high touch through high tech” recruiting using the best technology, Artificial Intelligence to discover talent and then our recruiting specialists create strong human connections.

For example, our intelligent sourcing capability is strengthened by specialists who run our strategic sourcing hubs all over the world. They possess very deep knowledge of our business and data analytics to find and match candidates based on skills.

And our recruiting teams have evolved from generalists to specialists to engage with candidates in a meaningful and personal way. The candidate relationship management tools we use help them stay very closely connected to those we hope to hire.

And, as a recognized leader in inclusion and diversity, we believe we have a broader talent pool to draw from, because diverse individuals want to work for us.

And because we believe potential is greater than pedigree, we're also able to expand our talent sourcing pools by primarily focusing on skills. We've redefined how we think about potential: skills plus learning agility plus aspiration equals potential. This focus not only opens new doors to find the talent, but really provides people with new career pathways.

So, I'll move on now to creating talent, number two. Because it's equally important to how we access talent, we need to be creators of talent to continuously pivot our people to meet new demands.

As our context and technologies accelerate the pace of change and the "skills shelf life" shortens, our focus on continuous skill development ensures our people remain highly relevant with vibrant career opportunities.

And our ability to upskill our people is unmatched. For example, in a 15-month period, we trained over 100,000 people in hot skill areas, such as cloud.

We also leverage technology to create and scale talent. We're not letting people go due to automation; instead, we upskill people away from transactional work, so that our "bot" co-workers can do it. For example, in Accenture Operations, "bots" make up about 25% of our workforce today, up from 10% just a few years ago. By contrast, 35% of our people in Operations have now moved into higher-value "expert roles," and that's up from 5% just a few years ago. A portion of the savings we gain is reinvested back into our people.

An amazing innovation is being driven by our more than 300,000 colleagues in India. Mahesh will share examples of how we create talent there in our Advanced Technology Centers, where we have 200,000 people. Over to you, Mahesh.

**Mahesh Zurale:** Thanks Elyn. I'm Mahesh Zurale and I am our Advanced Technology Centers India Lead. I've been with Accenture for nearly 16 years and something unique about me is my hobby of high altitude trekking in the Himalayas. This adventurous spirit serves me well in the ever-changing world of technology!

In our Centers, we focus on hiring smart individuals with a strong desire to learn, so that we have the right people, with the right skills, for the right roles.

For example, as clients look to compress their transformations across multiple business processes, we need more people at our Centers with functional skills—like supply chain, manufacturing, finance, and HR. While they have strong educational backgrounds, they usually don't have the relevant IT skills. But it doesn't matter because we can train them on the technology.

They start with an 8-week tech bootcamp. After completing a readiness assessment, they join projects with our philosophy of learn and do—splitting their time between learning the

technology and completing their project work. We have hired and trained approximately 500 people like this so far this year.

Additionally, Ellyn mentioned our ability to upskill at massive scale. Using the skills foundation she described, we start by looking at our skills database, where we have skills profiles on the vast number of our people. There we find individuals with the right adjacent skills and we train them on these new capabilities—usually, in 8-12 weeks. Ellyn.

**Ellyn:** Thanks so much, Mahesh, the work you and your teams are doing that positions our people and our clients for success is absolutely tremendous.

One last example that illustrates how we both create new talent pools, while creating new career opportunities for our people are our apprenticeship programs in the US, UK and Switzerland, where today we have over 800 apprentices.

We don't require four-year degrees, but instead, we look for people with high learning agility from a wide variety of backgrounds and teach them high-demand skills. It's a win-win for our people and Accenture. And, in fact, we plan to have 20% of our entry-level hires in the US come from apprenticeships this year.

I'll move on to the third, which is unlocking potential. A critical part of our people strategy is how we unlock their potential. And it really starts with one of our leadership essentials: to care deeply for our people, professionally and personally. And we ask a simple question: are people "net better off" because they work at Accenture? It's the same advice we give our clients.

And it means doing things like ensuring all the people who joined us last year got an extraordinary integration experience by connecting in our own Accenture Metaverse, which you'll hear about from Paul and David. The metaverse is critical to our future of work strategy focused on creating what we call "omni-connected experiences"—which transcend spaces and places and levels the playing field so people can participate, contribute and belong.

It's also hiring our Chief Health Officer, Dr. Tam, and offering leading mental resilience training and tools to support our people's whole health. And, it's sharing shared success with those who help create it by promoting a record-high 120,000 people last fiscal year. It's the actions we're taking to achieve our diversity goals as Julie described, and creating inclusive and equitable opportunities for all of our people to advance and grow.

How do we know these things matter to our people? We ask them. We have a sophisticated listening network to understand our people's needs and if there are gaps, we close them. The building blocks of our culture are not new—our behaviors, our beliefs, how we develop people and how we do business are enduring.

I hope this gives you a sense of what we do, not just what we say, to make the magic happen for and with our people so they can create 360-degree value.

And using our very own best practices, we create that same magic for our clients. I'll turn it over to my friend and colleague, Christie, to share more. Come on out, Christie.

**Christie Smith:** Thanks, Ellyn. Isn't she the greatest? I'm Christie Smith, our Talent & Organization/Human Potential Lead and I joined Accenture 18 months ago.

As Julie mentioned, we aim to help our clients become the leaders of their respective industries while navigating increasingly complex talent and change transformations. We are uniquely positioned to deliver outcomes to our clients using technology and platforms, which Emma described; our own experience, which you just heard from Ellyn; and the ability to help leaders create transformation by delivering on the relationship between people and technology.

Today, access to talent is one of the biggest challenges facing our clients... especially in markets where labor is in high demand.

We helped a large provider of electric and natural gas create a more inclusive clean energy future by designing and implementing a scalable recruitment, employment and tracking platform. Our talent solution optimizes talent potential, reduces hiring time and improves the candidate experience through AI, personalization and market insights. The company can now enact clean energy solutions by generating opportunities for 2,000 unemployed, underemployed and low/middle-income residents.

When the British Army saw a reduction in its ranks due to changing interests in its recruitment pool, they turned to Accenture. In response, we devised “This is Belonging,” a powerful new fully integrated recruiting platform that engaged applicants in a completely different way, showing them that a career in the Army could help them realize their aspirations. Now in its fifth year, recent recruiting results achieved 141% of applicant targets.

We enable our clients to attract candidates even in the most competitive markets by building tech-enabled recruitment command centers powered by intelligent operations, AI, automation plus data, insights and market intelligence. Being able to access the right talent at speed and scale is giving our clients a competitive edge. To stay competitive, they also need to ensure people have the right skills.

Our research found that 95% of CXOs believe their organizations are undergoing an accelerated digital transformation. And 48% of CXOs are investing in learning and upskilling to drive transformational change.

Chevron is a great example of this. Their goal was to become a leader in leveraging digital capabilities to create new opportunities in the energy space. This was a multi-year journey, and they wanted a partner to deliver on their aspiration to build “the most digitally capable workforce.” We helped create a digital talent strategy to drive an enterprise-wide culture shift that focused on continuous learning, innovation and agility. We worked with Chevron to engage and upskill more than 20,000 employees through tailored digital learning journeys. A digital skills mentorship program helps people translate their new expertise into practical business solutions, and an advanced credentialing program helps reinforce learning and application.

Global insurance company Generali set an ambitious goal to reskill 50% of its workforce by 2021 to help them flourish in their jobs and to support the company’s digital transformation. Accenture built an academy to skill people in essential digital, business and behavioral skills needed to achieve their strategic priorities. We focused not only on basic skills but created “mini-masters” programs for deep specialization. A tech-enabled learning platform and mobile learning app supported 72,000 people in 60 countries and in 25 languages to be upskilled. That’s 68% of the workforce—and we did it all a year ahead of goal.

I've just shared how we help clients access and create talent. Next, let's look at how we unlock potential. We helped Cisco activate the potential of their people with a new vision for HR with a cloud HCM platform, a new operating model and a modern employee experience. Together, we went beyond modernizing technology and employee experience to enable a complete operating shift that built trust and rewired mindsets. With new capabilities in their HR services, Cisco can now drive efficiencies, generate organizational insights, increase productivity and improve workforce collaboration and agility.

We also worked with Manulife to turn their commitment to creating an inclusive culture into action—in just 60 days. We helped 5,800 global leaders infuse Inclusion, Diversity & Equity through tech-enabled tools, behaviors and learning strategies fostered by storytelling and trust-building.

These are just a few examples of how we deliver outcomes to our clients, leveraging our unique capabilities and our experience to drive transformational change at speed and scale.

Next you will hear about a topic that is closely linked to our ability to access, create and unlock potential, and that's sustainability. Over to you, Peter.

### **FORCE 3: SUSTAINABILITY**

**Peter Lacy:** Hi, I'm Peter Lacy, Accenture's Global Sustainability Services Lead and Chief Responsibility Officer. And I've been with Accenture since 2000 and started in renewable energy 26 years ago, harnessing the power of geothermal energy from volcanoes.

We believe every business must be a sustainable business. Customers, employees, partners, regulators and communities are demanding more from companies and countries, and we expect this to accelerate—including the vulnerabilities of energy, food security and raw materials demonstrated by the war in the Ukraine.

Companies will need to embed sustainability deep into their enterprise, with partnerships. The market today is still forming—trillions will be needed on technology still to be developed—with companies ranging from no goals at all to those moving their commitment into action—and every industry is different.

Sustainability isn't new though for Accenture—we created a cross-industry Sustainability Strategy Practice in 2008. We also have three decades of industry experience serving leading companies in Energy, Utilities, Natural Resources. Additionally, we have been a leader in our own industry in how we run our business—and KC will elaborate more on that and our sustainability achievements.

We are moving to be the early leader in the coming sustainability growth wave, and we know that with our scale, investment capacity, outstanding clients and partners, we can make a difference. And we call that holistic response that touches every part of our business the "Accenture Sustainability Value Promise."

But we believe our clients are at an inflection point focused on three areas.

First, the low-carbon energy transition. On the supply side, we leverage tech to transition to net zero and decarbonize fossil fuels. For example, working with a global utility to roll out onshore and offshore windfarms, using bespoke technology and our unique ability to scale at speed. On the demand side we work together with our partners to help clients achieve greater efficiency, from operating buildings to manufacturing and logistics to IT operations as well as storage.

Second, the Circular Economy—focusing on water, waste, biodiversity and other harmful impacts on the environment. It's becoming real, it's picking up speed, it goes beyond carbon. We're seeing this in everything from digital twinning in manufacturing to new business models.

For example, we're working with a pharmaceutical company to develop a program to take back, recycle, and reuse insulin pens to reduce plastics in landfills or that end up in the ocean.

Third, the ESG agenda, beyond environment, is really taking off from Commitment to Action. There is particular focus on the revolution in ESG data, with global standards emerging from the ISSB, to the European taxonomy and now the SEC. And clients want decision-ready data that they can act on and create real value and measurable sustainability impact.

And we believe that our clients will require sustainability commitments from their suppliers. And we are our clients' Scope 3 emissions, so it matters to them that we plan to use 100% renewable electricity in our offices by 2023.

Jean-Marc, over to you to describe our strategy for serving our clients' needs today and tomorrow.

**Jean-Marc Ollagnier:** Thanks a lot, Peter, and hi everyone. I'm Jean-Marc Ollagnier, CEO of Accenture's business in Europe. I have been with Accenture for 36 years, engaging in Accenture's sustainability work as this was core to our Resources business, which I led for seven years. I'm also very proud that Europe, as Jimmy says, is leading the way on demand for sustainability.

We are meeting that demand by bringing to life our growth strategy with three main elements—create, embed, and innovate.

We are continually creating Sustainability Services to help clients define and meet their sustainability goals, particularly in their core operations. And while starting from a small base of approximately a billion dollars, this area is rapidly growing, and over time we expect it to be a multi-billion-dollar business for us.

We are directly participating in the energy transition, and have for many years, with our major energy clients as they commit to decarbonization and have developed smart grids and smart meters to engage consumers on new products and services. We are also working with Duke Energy to manage their methane emissions.

Based on the current landscape and client demand, our investment priorities include the following:

- Sustainability strategy to help our clients develop their full ESG agenda and raise the profile and knowledge about sustainable and responsible business across the enterprise.

- Sustainability Measurement, Analytics and Performance to increase transparency as required by the marketplace.
- Energy transition and Circular-Economy, which are critical to develop a more sustainable value chain, such as Green Technology with green cloud or sustainable software with low code/no code technology.
- Sustainable Product and supply chain in order to implement new ways to lead product design, sourcing and procurement, as well as manufacturing and logistics.
- Sustainable Customer Experience to respond to changing behaviors and buying patterns.
- And, of course, sustainability in Industry X, which Nigel described earlier.

We have specific focuses for all of our 13 industry groups. For example, in automotive, we are providing sustainability services working with a German Premium OEM and the Catena-X consortium to accelerate circular-economy business across the automotive value chain, from mining raw materials to recovery of lithium batteries at the end of their use.

As part of creating 360-value strategy, we are embedding sustainability in the digital transformation of our clients and in our solutions—with a goal to do so systematically in everything we do across the enterprise and across all industries.

Connecting our clients' digital transformation agendas to making progress on their sustainability commitments is a huge differentiator for us. And while embedding sustainability is not significant incremental revenue, it positions us very well to provide direct sustainability services to our clients, which will help drive a new wave of growth for us.

Projects range from cloud to ERP, to big data and analytics and AI to full digital transformations. For example, if a client wants to move to the cloud, we will help them do that sustainably—achieving more savings, time, money, effort and becoming innovation-ready. And you will hear from Andrea in a moment on how we can embed this across an entire digital transformation.

Our final element is to focus on innovating new solutions. It's early stages, our technology ecosystem partners are developing new functionality, and we will play an important role in shaping the roadmap and translating technology into solutions. We are also leading the way in doing our own work for clients more sustainably. For example, we developed the Green Cloud Advisor, which is in a number of our cloud migrations.

With our partners, we co-founded the first Green Software Foundation, whose role is to advocate, set standards and develop solutions to lower software-led emissions. And, we are teaming with industry leaders and ecosystem partners to develop solutions, like our work with Ecopetrol and a hyperscaler to develop a cloud-based solution for water management.

Now, Andrea over to you.

**Andrea Ruzzi:** Thanks Jean-Marc. I'm Andrea Ruzzi and have been at Accenture for over 20 years now. I'm passionate about fashion and innovation and I am our European Fashion & Luxury Lead. I run the Accenture Customer Innovation Network for fashion and luxury in Milan.

We are working with an iconic luxury brand with around 650 boutiques worldwide—a brand based on creativity, a standard for excellence, and surpassing boundaries with a sustainability mindset. The brand has recently launched an ambitious end-to-end digital transformation and has chosen Accenture as their main partner. Their strategic objectives are:

- First, master omnichannel to offer a seamless brand experience in every touchpoint.
- Second, become fully consumer-centric to personalize products, content and dialogues with their consumers.
- Third, digitalize product development to optimize time to market and reduce physical sample production.
- Fourth, optimize operations efficiency to maximize full-price sales and reduce “end of season” leftovers through data and advanced analytics.

So sustainability is becoming more and more important in the fashion and luxury industry because clients are becoming demanding on the topic and experiencing stricter regulation. At the same time, it also provides a growth opportunity for new revenue streams connected to circular economy, like second-hand sales.

So, we asked ourselves, how can we take this digital transformation further and achieve sustainability objectives? And we envisioned a product lifecycle management enriched with ESG KPIs, which will be defined in the initial product brief and used as key drivers to select the collection and items to be produced.

We envisioned a digital twin product development. This will reduce physical prototypes and samples and will accelerate shooting an image creation leveraging 3D models.

We envision a new ERP integrated with blockchain to enhance traceability. The ERP will be designed to obtain full product and material traceability and to support circular-economy scenarios. While blockchain will allow consumers to access product history and get proof of authenticity.

Finally, we envision a new customer experience that goes beyond digital. Imagine being able to “shop by sustainable items” instead of the traditional “shop by look,” and to buy based on responsible product descriptions.

Embedding sustainability into the digital transformation differentiated us to be selected as their partner. And we’re committed to measuring sustainability results in each single stream of the program.

**Peter:** Thanks, Andrea. I just think this is a brilliant example of bringing together digital and sustainability.

And we are building our sustainability business both organically, hiring great people, and inorganically, adding scale and new capabilities through acquisitions, such as Zestgroup, a Dutch sustainability services company that specializes in energy transition services. And we are upskilling our people, with having completed over 300,000 sustainability learning modules over just the last 12 months.

We're also investing in repeatable solutions and assets, often with our ecosystem partners, that can scale at speed based on our deep knowledge and expert teams across industries, functions and services. We're also using our longstanding and deep partnerships with key global organizations such as the WEF and the UN Global Compact to help us understand today and anticipate and influence the future.

In conclusion: It's real. It's early. And we believe that we can make a difference.

## **FORCE 4: METaverse**

**Paul Daugherty:** I'm Paul Daugherty, Group Chief Executive of Accenture Technology and Chief Technology Officer. I've been with Accenture 35 years and back then, I helped build one of the largest mainframe business systems, and over my career, I've had an incredible vantage point to experience first-hand the invention and then at-scale waves of enterprise software, client/server, Internet, Cloud, Mobile, Artificial Intelligence, Digital and more. I'm pleased to be here today to talk about what's coming next. And I'm here with David, who you met earlier.

**David Droga:** Hello, very happy to be here today with you.

**Paul:** During this session today, David and I will talk about the incredible opportunity of the metaverse, our new business, and our work with clients in this space.

In fact, let's not just talk about it. Let's take you there. David, would you like to meet me in the metaverse, right now?

**David:** Absolutely, let's do it.

**Paul:** All right, I'll see you there.

Hi, David, it's great to meet you here at One Accenture Park.

**David:** Hey, Paul, it's great to see you again. Love the avatar. What an incredible space. It's exciting to be here. We expect to onboard about 150,000 new joiners here in this virtual space. We're going to gather here to learn about Accenture and meet colleagues from all over the world. And as we know personally from experience, people absorb experiential learning at a far greater rate. It's been so effective, and dare I say it, incredibly memorable for all of them.

**Paul:** You know, it really is incredible. Accenture created and operates what we believe is the largest enterprise metaverse, we call Nth Floor, and it includes everything from this space we're in to other virtual worlds and it also includes digital twins of our offices and our labs, our real spaces. And we conduct hundreds and thousands of meetings for groups, for our people and our clients, in these spaces in the metaverse today.

Now, many look at metaverse as something just for the future, they hear a lot of hype and there's a lot of confusion around it, but we really have a different view. Our view is that it's really about the metaverse continuum, different way of thinking about the metaverse, and it really is something for us to think about today, not just tomorrow.

**David:** That's right, Paul. And we're seeing unprecedented interest from clients of all shapes and sizes feeling the business and opportunity that is coming our way, at a level that we've never seen before, even from the early web days and race to mobile.

Now, let's go back to the group and we can talk more about our unique view of the metaverse, and why we're better positioned to lead than anyone else.

**Paul:** Right, back to reality.

**David:** Exactly.

**Paul:** Well, hello, everyone, back to reality and I hope you enjoyed that quick visit to the metaverse. As Julie said, in 2013, our Technology Vision was the first to declare that "Every Business is a Digital Business." And last month, we released our 2022 Tech Vision, the Metaverse Continuum, and it may be even bigger than 2013.

Let me give you an example of this to bring it to life.

Imagine if instead of viewing an annual report for a company, you could step into the metaverse...enter the boardroom to hear from the executives and interact...hop to a store to see customers in action...visit a manufacturing plant to get a near real-time view of operations. You will do this, and more, in the metaverse.

So why is metaverse bursting on the scene now? It's important to understand that this is enabled by fundamental technology advances, and at the heart of it is the Future of the Internet, and what some call Web3. And this is big.

We started with Web1 in the 90's and early 2000's, when it was about data, and search was the killer app. And then Web2 came in the 2010s, and it was about mobile, social and cloud. And that's when we declared "Every Business is a Digital Business," and Accenture has led the way in this market over the last decade.

Now, it's about Web3, which will bring two important new innovations perhaps even bigger than Web2.

First, the Internet of Place—how to create and operate shared virtual spaces. Think of One Accenture Park that you saw earlier. And second is the Internet of Ownership, which is about blockchain and other technologies creating unique verifiable digital identities for people and things, enabling everything from digital currencies to new products, such as the Gucci purse that sold for more in the metaverse than in their own retail stores.

And that's where our unique view of the Metaverse Continuum is important, because it represents how big this is for businesses, bringing even bigger possibilities than the wave of digital transformation that we've seen to date.

And what do we mean by Metaverse Continuum? To understand the metaverse, businesses need to reframe how they think about it—as a continuum that stretches across all aspects of business, from consumer, to worker and across the entire enterprise; from reality to virtual and back; from 2D to 3D; and from cloud and artificial intelligence to extended reality, blockchain, digital twins, edge technologies and beyond.

And it applies to every business, and to every part of every business. How you interact with customers: 7 million people have visited Nike's Metaverse store since it opened 5 months ago.

How work is performed: As you saw in One Accenture Park, where our science-based research validates that this is a better way for immersive learning and also extending to new forms of augmented working.

What products and services you offer: Such as the Gucci NFT purse I mentioned.

How you make and distribute products and services, where companies such as CVS, Red Bull, and many others have started to outline metaverse marketplaces, and you'll hear from David about the role of Digital Twins.

And finally, how you run and operate the business, where using a digital twin of the enterprise itself can completely transform how business is run.

So, this is early but incredibly fast-moving space, which is exactly why this is such a big opportunity for Accenture to help our clients start now with the metaverse and help them along the journey.

David, I'll turn it over to you now to talk more about this.

**David:** Thanks, Paul. That's right. This is not new territory though for us. Accenture has more than a decade of experience and recognized leadership in Metaverse-related capabilities. We pulled all of this together in our Metaverse Continuum Business Group, which was launched in March to help clients in three key dimensions:

- Learn and shape. We help clients to ascend the learning curve and set the vision to capture value through services including education, industry, use cases, future of work and responsible metaverse.
- We set strategy. We work with clients to establish strategies to transform business and capture metaverse value. We apply creativity, technology, and industry depth to help determine the right strategies, spanning brand experience, product, NFT/Tokens, technology and operating model strategies, transforming enterprise, and unlocking new value.
- And we build and operate. We design, build and operate metaverse capabilities and experiences for our clients and Accenture.

Let me contextualize with some real-life client examples.

We're working to help Mars digitize its supply chain and use digital twins to reduce waste, increase speed and capacity, and empower its associates to make real-time decisions in product development, digital simulations and allow companies to determine the impact of a decision before allocating time or resources in the physical space.

We are also working with ESPN on their new ESPN Edge Innovation Center, helping them offer fans digital immersive experiences through the use of technologies like 5G, and augmented and

virtual reality (AR/VR), and mobile edge computing (MEC), to provide new ways to consume sports.

Key to how we will develop these solutions for clients is our global Virtual Metaverse Studio and our four physical studios. There we experiment with emerging ideas and co-create with our clients, as well as focus on capability development across Microsoft Altspace, Meta Horizons, Unreal Engine's Surreal platform, Fortnite, Roblox, Decentraland, Cryptovoxels, and many more.

Then, in our physical studios we meet real users to experience and learn about the metaverse, as well as test and refine projects.

The potential for the metaverse to transform business, commerce, entertainment is literally endless and beyond exciting. But there are risks if not approached properly. This is why we're leading with a focus on Responsible Metaverse from the start, with a focus on both trust, and also sustainability, to address concerns about impacts of the metaverse.

So to summarize, as Paul said, the metaverse is big. It's a big market. And some analysts are predicting that it will be close to a trillion-dollar market in the next years. Others predict it will be even more. Wonderful optimism, but we're going to lead with realism. What we see is the market size is actually difficult to predict.

First of all, technology development still needs to happen. Large-scale metaverse for consumer or enterprise is just going into production, and portability and interoperability across the metaverse, and in enterprise, are at an even earlier stage.

And scale depends on not just technology, but on having the talent to manage the metaverse, which plays into our strengths, as clients are already turning to us to access this talent.

At the same time, we see that the speed at which clients are adopting the view that with respect to the consumer, the metaverse is a required new touchpoint, and in enterprise, it's moving fast. That tells us that if technology can keep up with the interest, this market will indeed grow to scale very quickly. Our research tells us that 93% of executives believe the metaverse will play an important role in their organization's future growth plans, and 88% plan to make significant to moderate investments in the next three years.

The net net of this: We are on the cusp of a new era of business transformation, and Accenture will be the undisputed leader. Now over to you, Paul, for the next segment.

## **FORCE 5: ONGOING TECH REVOLUTION**

**Paul Daugherty:** Thanks, David. I really enjoyed our tour through the metaverse.

I'm now going to turn to the ongoing technology revolution. We've talked for a while about the exponential pace of technology innovation and how, in this period of dynamic and rapid change, why it is important to see around the corners and be a leader in innovation and adoption of technology. Being a fast-follower today simply isn't good enough.

That's been our approach for the last decade. You've seen Accenture as a leader and first-mover in the waves of cloud, mobility, digital, AI, Industry X and more. The new waves scale fast, and if you're not first, it's hard to catch up before the next wave comes.

Take an area like metaverse. As David and Julie noted, we've been working on it for 15 years—investing in research, filing over 600 patents, helping pioneering clients—so that we come out of the gate with leading capability in our Metaverse group from day one as the market emerged. That's just one example of how we see ahead and stay ahead.

And to be a first-mover, you can't rely on luck or chance—you need a formula. Let me tell you more about our formula and why it works today, and how our ability to anticipate the future positions us as the best partner to help our clients as they seek to harness the ongoing technology revolution.

We describe our formula as Research to Results—a repeatable, proven unique formula that has stood the test of time and is difficult to replicate. As Julie said, it starts with investment—you have to invest wisely and at scale to innovate. We lead in our industry with R&D investments of \$1.1 billion, and the impact can be seen in many ways, including our portfolio of 8,200 patents and patents pending, leading in the market.

But the real magic of our formula is what comes next. We take that R&D and multiply it by the power of our partners, clients and people to drive innovation that has real impact and drives real results.

With our partners, we co-innovate. For example, we developed Nth Floor—our metaverse that David and I showed you earlier—co-innovating and using Microsoft's technology before general availability, creating what we believe is the world's largest enterprise metaverse.

With our clients, we co-innovate with companies such as a multinational biotechnology company, where we applied quantum computing to pioneer new forms of drug discovery.

And through our people, we leverage human ingenuity at scale, harnessing the innovative culture, spirit and ideas of our 700,000 people. At our annual Global Technology Innovation Contest, over 75,000 ideas were submitted, and one of our teams invented a novel approach to non-fungible tokens, or NFTs, that we'll commercialize in our Metaverse business group.

Now, a good question for you to ask is: What does our formula tell us about the future? And to answer that, let's step back for some perspective.

We're 70 years into the digital computing era that started in earnest in 1947 with the invention of the transistor, and then the silicon-based inventions of mainframe, PC, networks, mobile phones, smart devices, the Internet and more.

All of this led to the opportunity to transform business, and totally reinvent the enterprise, as you heard earlier.

But that's not all there is to the story of exponential innovation. The coming waves have the potential to redefine the foundations of business and society in even more profound ways, as shown in the picture. A revolution both in novel, new forms of computing, and also in extending

the power of technology to new domains well beyond enterprise IT, that will be essential for all companies to harness.

Let's dive in and discuss these four areas.

- Digital Technology will continue to advance exponentially. From the cloud and IoT to AI and the metaverse and new technologies yet to be invented, we're still early and there is vast opportunity to reinvent the enterprise, as Julie outlined and we've covered already.
- Next is what I call Computing the Impossible, which is about powerful new forms of computing that go beyond silicon. Quantum computing, for example, is more than 150 million times faster than today's most sophisticated supercomputer. Some estimates put it as a \$65 billion market by 2030, and it will help us solve problems that are impossible to imagine today.

We started Quantum R&D in our Labs six years ago, and have more than 50 patents and patents pending. We have partnered to innovate with quantum ecosystem leaders, such as DWAVE, 1QBit, Righetti, Fujitsu, IBM, and IonQ. And we take an industry perspective, combining our deep industry insights with quantum research to solve unique problems. For example, our Accenture team won the prestigious BMW quantum challenge, applying quantum to sensor placement on autonomous vehicles.

An emerging priority is quantum computing's potential to jeopardize today's encryption technology, posing serious, potentially near-term cybersecurity risks as noted in a recent United States government executive order. We've been preparing for this and are already talking with clients today about crypto-agility and switching to post-quantum secure technology, showing once again how we turn Research into Results for our clients.

- The third area is Science Technology—the application of Tech, Data, and AI to Science—chemistry, synthetic biology, smart materials, and more. You've seen us move from IT to OT, or operational technology, and expand our market through Industry X. Now, ST, or Science Technology, opens entirely new domains of opportunity as digitally enabled science innovation transforms the foundation of products and industries.

For example, we are collaborating with an automotive supplier to develop smart interiors—materials that have the ability to sense and actuate—for their next-generation connected and autonomous vehicles, enabling new seamless interactive experiences. And just this week, Accenture Ventures announced an investment and partnership with Good Chemistry, a startup using computational chemistry to fundamentally change the way new materials are discovered and designed across industries, including chemical, pharmaceutical, energy, and automotive.

- And now let's turn to what some say is the "final frontier." You may be surprised to hear this, but Space stands to become a sizable opportunity for Accenture and our clients—and not just for tomorrow; we've been investing for 10 years. It starts with space-based technology we are applying today, such as another announcement from Accenture Ventures this week: our investment in Titan Space, a startup with an orbital Data and AI Lab in space, accelerating the next generation of scientific technology innovation and experimentation in outer space. In financial services, we have worked with a client to explore payments in space, leveraging blockchain, microtransactions, and peer-to-peer

satellite communications in what we see as a genesis of secure commerce systems in space.

Analysts estimate that the global space market may grow to \$1 trillion by 2040, and our Research to Results formula, plus our leading capabilities here on earth, put us in a unique position to help clients literally enter an entirely new frontier of business growth and value.

So, as you've heard, from the metaverse to the universe, the ongoing technology revolution promises to stretch the imagination and create tremendous opportunity for business, society, and Accenture. The ability to harness these technologies will define the leading companies. There's an old adage: "The best way to predict the future is to create it." Accenture has a differentiated and proven formula to do just that, for ourselves, and for our clients.

Back to you, Julie.

## QUESTION & ANSWER SESSION #1

**Julie Sweet:** Thanks, Paul. Let's open it up for Q&A. Angie, do we have our first question?

**Angie Park:** Thanks, Julie. I would ask that you each keep to one question to allow as many participants as possible to ask a question. Please enter your name on the interface and you'll be placed in the queue. And our first question comes from the line of Lisa Ellis. Please unmute your line and go ahead.

**Lisa Ellis:** Hi, good morning. Thanks for doing this session, certainly gave us a sense for the scope and breadth of Accenture services. I imagine one of the most difficult challenges you have is making decisions about what to do and what not to do from an investment perspective, given all of the opportunities globally and across business functions. Can you give a sense for how your investment process works and maybe some examples of areas that you've actually chosen not to focus on from a service line perspective or a technology perspective, or particular types of clients or something like that? You know, kind of how do you narrow that funnel down? Thank you.

**Julie:** Sure. Thanks, Lisa. Good to see you. It's a great question. So one of the things that we first do as a leadership team is really use a very consistent framework around growth, and we have four different categories. What are areas that are growing at scale where we see big growth potential like cloud, for example, and we call that Accelerate. And so, I think about it as high-growth, scaled areas, we accelerate those.

Then we have a category called Extend. That would be, for example, Industry X, where we have scale, but we know that there is a much bigger market than we're taking and it's also growing. And so, we then categorize areas like Industry X in Extend.

Our third category is what we call Sustained. So these are strong growers like the work we would do with trust and safety, may not be double-digit, but they're essential to our other strategies. And so, for example, to win in digital, you have to be able to do, in our view, trust and safety, and that will be incredibly important in the metaverse as well.

And then finally, there's Incubate. And so, things like sustainability are in Incubate, where they're small today, but we see them as some day moving to that category of Accelerate. We use that consistent framework regardless of where you look in terms of geographies or services to really guide our investments.

**Angie:** Great. And the next question comes from Brian Essex.

**Brian Essex:** Great, good morning, and thank you for taking the question. Thank you from me as well for doing this. You know, maybe we can, I would love to get a sense from either Julie or David Droga, given that he's recently gone through this experience, with acquisitions becoming a relatively meaningful contributor to performance in the platform. How do you think about—and maybe David can speak to his experience in terms of attracting and retaining talent before and after being part of Accenture. How do you incentivize acquired talent to remain on the platform, and how do we think about their ability to contribute and become accretive to the overall platform? How fast does that process manifest itself?

**Julie:** Great, so, David, why don't you start?

**David Droga:** Great question, and I can say very first hand in the last couple of years, I mean the objective was very, very, very simple. It's not just to expand what we do, but to add multiple dimensions to what we do. So the skill set that I talk to my folks about why they should stay and why this is the best-place destination, they suddenly see the canvas for them is so much broader than they've ever had an opportunity to work on. And they see that they affect society and they see at business levels, it's the full C-suite as opposed to just talking to the CMO.

Now we're sort of addressing our clients across the whole C-suite. So it's really about extended opportunity and amplification. It's actually, I've found now recruiting is actually probably easier now than it's ever been, even though we were a shiny star before. We're now part of a much bigger galaxy.

**Julie:** Thanks, David. Thanks for the question, Brian.

**Angie:** Great. Our next question comes from Bryan Bergin. Please unmute your line and go ahead.

**Bryan Bergin:** Hi, good morning all, good to see you. So the team gave some very strong examples of end-to-end transformation programs at AIG and BBVA, those stood out to me, and as part of those, the company acquired certain functions and their people. So I'm curious if you see captive transactions as a growing trend to support this compressed transformation cycle. I mean does it enable you as a service provider to transform those companies at a faster pace? And I guess at the same time, it does seem to be another large source of talent acquisition with specific functional skills while markets are clearly tied to it. So should we expect to see even more of this going forward here?

**Julie:** Bryan, it's a really great question, and what I would say is that it's going to always be a mix, right, because in some cases our clients are going to want to have their own services centers where we might transform them. In other cases, they have centers where we're going to take them over as in the ones that you mentioned. And in some cases, they're going to need to shift to different places to be able to access the talent and so, they may not keep their shared services. And for those clients, we actually offer services like Christie was talking about of how

can we help them upskill their people and perhaps redeploy them or help them better go into the market?

And so, what I would say is it'll be really all over, kind of across that spectrum. But perhaps, Yusuf can just talk a little bit about how though we actually do the transformation in terms of why did they come to us and maybe it'll just give you a little bit more of a sense, whether it's in their captive or we're actually just interacting with their people? Yusuf?

**Yusuf Tayob:** Yeah, thanks, Julie. You know, as you as you heard us say before, every CEO's sort of agenda right now is complete enterprise transformation reinvention. And when teams join us, there's really, in the current environment, you got a war for talent, you've got a need for more resiliency. We've got to digitize faster. When teams join us, they join a much broader group of professionals that have deep process and industry expertise. Of course, we've got the SynOps platform that we described, too, so the people, the process and the tech come together. And so, the transformation is all sort of happening at one time. And so really, as we acquire that talent, we put that talent together with the talent that we've got, the capabilities, the platforms that we continue to invest in. And really, as David mentioned earlier, many of these people then see greater career opportunities as well.

**Julie:** Thanks, Yusuf. Thanks, Bryan.

**Angie:** Great. And our next question comes from David Togut.

**David Togut:** Thank you. Good morning. What differentiates the buying behavior of your 42 new Diamond clients from earlier Diamond clients across Accenture's four strategic priorities? And how do you expect their buying behavior to evolve over time?

**Julie:** Thanks, David. That's a good question. When we think about buying behavior, I wouldn't think about it so much, the new Diamonds versus the old Diamonds, but what we see when we look across our clients who are doing the sort of bookings of more than one hundred million a quarter. And that really the big characteristic is this willingness to do compressed transformation, meaning they're doing things not sequentially but really taking on transformation in different parts of the enterprise at the same time.

And so, I don't think we see something specific to the new Diamonds versus the old Diamonds. And then under underneath all of that is the reason why they're coming to us, which goes back to it's the talent, it's the breadth of the capabilities. It's our partnerships which really play a very important role because our ecosystem partners are their ecosystem partners. So those are the characteristics that really maintain, whether they're Diamonds before or Diamonds now. But the other piece that I would just say that is really, really important is the element of trust. And you know, our clients, when they're doing compressed transformation or anything at scale, have to know that the partner that they're with is a partner that they can trust for the long term. And that's why things like 360-degree value, our investment in their sustainability and talent, matter so much. And, of course, this has been really a longstanding trait of Accenture, when you think of the 98 out of our 100 top clients having been with us over 10 years.

Thanks for the question, David.

**Angie:** Thanks, Julie. And our next question comes from the line of James Faucette. Please unmute your line and go ahead.

**James Faucette:** Thank you very much and I want to add my thanks to the effort that's gone into doing this for the investment community today. You called out today that you've got 10 ecosystem partners, which I think is up from the five you outlined at the last Investor and Analyst Conference. Can you talk through how you see those relationships expanding going forward and how you look to target the appropriate ecosystem partners?

**Julie:** Great, I mean, James, that's a terrific question, and remember what we talked about in my prepared remarks was we have about 50% in 10, but then we have a full stack of them as well. And perhaps Paul can, you know, talk about the ecosystem and expanding those relationships. Paul.

**Paul Daugherty:** Yeah, we really look to be the top strategic partner to the technology companies that are leading in the transformation that we're delivering for our clients. Those are the hyperscaler cloud companies, they're the SaaS companies, they're the industry-specific solution companies that are out there. And given our size and scale, the industry depth, we see them coming to us as well. So we're sought after by those companies as a top strategic partner. And what we do is we try to form real strategic relationships with those companies, partnering at the top, Julie and the CEOs and C-suite relationships with them, so that we can work together, not just engaging in client deals together, but in creating joint solutions that we can take to clients. We have joint IP and joint solutions that differentiate us from what others can do with those partners. And that's really the formula that differentiates us.

And then the approach we have the talent around those partners, deep certifications, the specialized talent. We often have unique arrangements with these partners, so that we can train and develop talent in different ways to meet the scale requirements that our clients have. So those are some of the elements in the way we think about it.

And then there's also the early stage, through Accenture Ventures, and I gave you a couple of examples today of some new investments we've made. That's kind of the frontier of looking for the next generation leaders that may become the big ones going forward.

**Julie:** And I want to make sure that we connect that to this total enterprise reinvention...and as Paul mentioned, we do this with industry specific platforms. That comes from the fact that our growth strategy is to help clients be deep in their core operations as well. And so, our industry expertise helps us understand, wait, you need a cloud-based underwriting solution, you need the latest in asset management, you need the latest in banking, that may not be the larger players, but are just as strategic and important to our clients and to our ability to really help them in the core of their business. And that's a very important part of our own growth strategy because it's driven by the need for our clients to reinvent the entire enterprise. Thanks for the question.

**James Faucette:** Thanks.

**Angie:** Thanks, Julie, and the leadership team. We're now going to take a 10-minute break and we will be back to hear from KC McClure, our Chief Financial Officer. Thank you, everyone.

## **CFO REMARKS**

**KC McClure:** Hello everyone. I'm KC McClure, Accenture's Chief Financial Officer. So now on to the fun stuff, the numbers!

We appreciate the time that you have spent with us this morning. I want to bring together what you've heard today in the context of how we intend to continue to deliver on our enduring shareholder value proposition.

To start, let's look at, from a financial lens, what we've accomplished over these three years in an unprecedented environment... during a time when every business across the world was tested.

At earnings in March, we provided updated guidance. For illustrative purposes, throughout the day, we are simply going to anchor to the midpoint of that range when providing results for FY22. Our actual results may be higher or lower.

We are very proud that we were able to navigate this period and are positioned to deliver very strong financial results, starting with growing revenue significantly faster than the market, with \$18 billion of incremental revenue delivered since FY20—of which the majority is organic—and taking considerable market share. At the same time, we are positioned to add \$3.25 in adjusted EPS, representing a 20% CAGR, while investing at scale to position us for the next waves of growth.

Over these three years, we expect to return over \$17 billion of cash to shareholders and deploy nearly \$10 billion of capital to acquisitions.

These results demonstrate the resilience of our business, the durability of our growth strategy, and the uniqueness of the foundation we have built over many years.

During these past three years, the pandemic presented a challenging environment, yet we remained firmly anchored to shareholder value creation. As a reminder, our approach to shareholder value creation has three financial imperatives...

- First, grow faster than the market and take share.
- Second, deliver strong earnings growth with sustainable modest margin expansion, while importantly, continuing to invest at scale in our business and our people to fuel innovation and position us for the next waves of growth.
- And third, drive strong cash flow, and deploy it through disciplined capital allocation, including returning significant cash to shareholders.

This approach to long-term shareholder value creation has served us extremely well in the past, and we believe it will continue to serve us well in the years to come.

At the beginning of FY21, we started to also explicitly measure our success on the 360-degree value we create for all our stakeholders, which I will elaborate on in a bit.

So let's double-click on our first financial imperative. We continue to significantly outperform the market and take share...

Before we look at the numbers, let me remind you how we assess market growth.

When we talk about the investable basket, we have a consistent methodology where we track the financial results—adjusted to exclude the impact of significant acquisitions—of roughly two dozen of our closest global public competitors, which represent about a third of our addressable market, and compare our growth trends to theirs. We also compare against IDC's IT & Business Services Technology Groups, which we adjust for our scope of services.

So with that, in the two periods from fiscal '14 to fiscal '19, we took share ranging from 2 to 3 times the rate of market growth.

And recently, at a time of increased demand, we have never been stronger... accelerating our gains even further from FY20 through the end of FY22, which at the midpoint of the range would be 7 times IDC's IT & Business Services market. Over these 3 years, it is 5 times the rate of the investable basket... and as I mentioned last quarter, we are currently growing more than 3 times the investable basket. We are the clear leader in dollar volume gains.

At the beginning of FY21, we said we had emerged from the pandemic stronger, and you can see how we have built on this strength to widen our competitive gap.

So how are we able to continue to widen the competitive gap and drive these levels of growth? Julie touched on this earlier, and I'm going to dive a bit deeper and cover four major drivers.

First, we are serving clients across their entire enterprise... we build their digital core, optimize operations and accelerate growth. And as you heard from my colleagues, we believe we are still early in the reinvention cycle...there is more to come to innovate the technology driving growth today, and there are also new waves of growth—like sustainability, the metaverse, and the ongoing tech revolution—already in our sights.

All of our services are at scale and growing double digit. We are differentiated because no competitor has our scale and breadth of services. And the continued trust we have with our clients is seen in our ongoing creation of Diamond client relationships, which drive more than 50% of our revenue.

And importantly, our share gains are driven by organic growth and aligned to our strategic growth priorities, which are growing double-digit today.

So, let me bring to life our relevance to all parts of the enterprise by illustrating what you heard today in Force 1 with some numbers.

Our growth is continuing to come from building the digital core.

So let's look at Cloud... \$26 billion of revenues for FY22, with a 35% 3-year growth CAGR. And as you heard from Karthik, we are still in early days of getting to the cloud. And when it comes to utilizing the power of the cloud, we are in even earlier days.

And of course, security is critical to our clients—as you can see in the 3-year, 30% CAGR, creating a \$6 billion business, with the security landscape broadening.

We are also helping our clients accelerate growth. For example, Interactive is \$14 billion of revenues for FY22, with a 3-year 10% CAGR. And as you heard from David, the most influential factor determining our clients' growth and the success is just how relevant they are to their customers in such unprecedented times.

And at the same time, we have moved into core operations, such as engineering and manufacturing, with Industry X, as you heard from Nigel, which we see as the next digital frontier. Industry X is \$6.5 billion for FY22, with a 3-year 30% CAGR. This acceleration into engineering and manufacturing diversifies our sources of revenue in the enterprise as we create value for new buyers with OT and R&D budgets in addition to IT.

The second driver is our agility. We put our next generation growth model in place just before the pandemic—which has both tested and validated the model.

The new model has put our leaders closer to our clients and our people, allowing us to attract and retain the best people. We changed our governance, with a larger Global Management Committee. And we can move faster, both to respond to, and more quickly predict, the needs of our clients.

Let me give you two quick examples of our agility:

- We created Cloud First in September 2020, as the pandemic accelerated our clients' move to the cloud.
- And, just last month, we created the metaverse business group.

The third key driver of our growth and market share gains is the diversity of our business—with unmatched depth, breadth and scale. Diversity has always been a big part of our long-term resilience and durability. The result is that we have 11 countries with scale of \$1 billion or more, and 10 industries at \$4 billion or more, both driving approximately 85% of FY22 revenues.

And finally, the fourth driver is our investment profile.

And as we look at investments, V&A is a key part of our strategy. We continue to do acquisitions to scale in new markets, or where we want to move faster than we can organically, to acquire new capabilities or deepen industry and functional expertise. We've stepped up our investments in acquisitions in the last few years to accelerate our organic growth across strategic growth priorities. Acquisitions remain an important part of our strategy moving forward.

Turning to our key operating investments... Throughout the pandemic, we continued to invest, and in FY21 and FY22 we significantly ramped up our investments while still delivering margin expansion.

And importantly, we execute our investment strategy at speed, allowing us to quickly pivot, as needed, throughout the entire world.

For example, the billion dollars in training... I can't over-emphasize the importance of the world-class learning machine that we have created. Because as CFO, I know my colleagues are already reskilling people to move to new areas where our clients need us. And in a tight labor market, I am confident that we will get the best talent to not constrain growth.

And in V&A, in addition to the capital spend I just covered, you can see that we are absorbing a significant ramp in acquisition costs in our P&L.

So, in summary, we first invest in our business and our people, and then we're absorbing the step-up in investments while continuing to deliver on our second financial imperative of delivering modest margin expansion and strong EPS growth.

To invest at these levels, we must run our business with the rigor and discipline you have come to know and expect from Accenture, with a focus on pricing and efficient delivery of our contracts, optimizing our own operations, and of course, our core competency of supply/demand management.

Turning now to our third financial imperative of strong cash flow, with disciplined capital allocation and a significant return to shareholders.

We continued all aspects of our capital allocation framework throughout the pandemic, a sign of our commitment. This results in an expected 10% 3-year dividend CAGR. Notably, after holding the dollar level of share repurchases rather constant for several years, we stepped up our repurchases and expected 15% 3-year CAGR.

We remain committed to our capital allocation strategy, which is underpinned by our efficient operating structure and the capacity to generate free cash flow to net income ratio greater than 1.1.

So in summary, we first invest in our business to drive future growth. And then return excess cash to our shareholders, with the expectations that over time, dividends will grow roughly in line with income growth, and share repurchases will be greater than issuances.

As I mentioned earlier, at the beginning of FY21, we started to also explicitly measure our success on the 360-degree value we create for all stakeholders—clients, people, shareholders, partners, and communities—building on our decades-long track record as a leader in being a responsible company.

This past December, we launched our 360-degree Value Reporting experience, expanding our ESG reporting to reflect 6 frameworks. We did so because transparency builds trust and helps us all make more progress. So now we are measuring and reporting our success on both financial results and by delivering 360-degree value for all our stakeholders. My colleagues touched on the 360-degree value for our clients. So, I will touch on diversity, our people, sustainability and communities.

Starting with diversity, our progress includes significant improvements in gender diversity, accessibility for persons with disabilities, same-sex benefits, and diversity of our suppliers.

For our people, we've had record promotions over the 3 years, implemented best-in-class wellness programs with outstanding participation, and invested \$3 billion in skilling our people.

Finally, turning to our communities, we equipped over 2 million people with our Skills to Succeed program, made meaningful contributions to COVID relief around the world, and are

now working to assist Ukrainian and Afghan refugees. We are also making progress toward our goal in renewable electricity.

We are proud that we have delivered such strong financial results while creating impactful 360-degree value for all our stakeholders.

Let me close with a reminder of our guidance that I gave at our last earnings in March, which I am reconfirming today. At the halfway point, we feel really good about where we are... and you see that in our results... and we are very focused on delivering our FY22 outlook. And while we realize that you are interested in what that means for FY23, we will provide that guidance in September.

Now, we're going to take a minute before we get into Q&A.

As you heard us say, Digital Engineering and Manufacturing is the next digital frontier that will allow our clients to re-imagine the products they make and how they make them. This month, we will begin airing this new ad, created by our own Droga5, that encourages clients to dream about what is possible. Enjoy the ad, and we'll be back in a minute to take your questions.

## QUESTION & ANSWER SESSION #2

**Julie Sweet:** All right. Our time here, we're now going to have some more Q&A.

**Angie Park:** Great. Welcome back, everyone. We're now going to open it up for questions, I did receive a question online. So, Julie, could you please talk about the advantages Accenture has with respect to your vast pool of cybersecurity professionals and talent in a market where cyber talent is in short supply?

**Julie Sweet:** Well, we certainly have a broad security business, and why don't I ask Paul to take that question?

**Paul Daugherty:** All right. Thanks, Julie, and thanks for the question. And I love talking about what we do in Accenture Security because it's really a unique, talented group of people who wake up every day and work 24/7 with a mission to secure the world. And that's never been more important than the times we live in right now, with everything going on, the increasing cyber threats and cyber risk that we have around us. And with our 16,000 people in the leading business we have, it's not just about the number of people, it's about the breadth of what we do, everything from threat intelligence to incident response to securing the enterprise, everything from the cloud, to applications, to edge technology and the operational technology, and then on to managed security services.

And the reason that that's so important is because the landscape is so much more complex for our clients. They have increasing risks. They have dozens or sometimes hundreds of security applications they're trying to stitch together and our ability and our people's ability to pull that all together, simplify the landscape and provide a simplified solution increasingly through managed security services is really essential to us delivering more value for our clients. And I love what one of our leaders said to me just a couple of days ago when I talked to her, she said, my goal isn't just to do security for clients. My goal is to help our clients achieve their dreams in a secure fashion. And that's the unique capability and talent that we have in that group.

**Julie Sweet:** Thanks, Paul.

**Angie Park:** Great, thanks, Paul. And I've received another question online. What is your best estimate of percentage of the IT footprint currently on either the public or private clouds? Can you give any color across various industries?

**Julie Sweet:** Sure. Karthik, why don't you take that?

**Karthik Narain:** Okay. Like I said, when I was talking earlier, we are just at the beginning of this cloud transformation and cloud journey and customers have moved from like 20% in the cloud 18 months ago to between 30% and 40% in the cloud. I think this journey will continue and accelerate, but also the meaning of cloud is changing to becoming a cloud continuum, which means that the principles and the best practices that all of us learned in the public cloud, we're going to apply that in private and in edge. So the environment is going to be cloud in an operating system manner, but there are going to be certain workloads that will move to the public cloud and certain workloads that will stay in private and it will also operate in the edge location.

And all three are expanding based on the need for various factors that is happening, whether it is retail experience that is going to expand by bringing in the convenience of online shopping with the exploratory nature of in-store shopping. When that happens, the edge computing will grow. For certain kinds of metaverse experience, certain high-performance computing will be required, and that will be created in private cloud environments. And for science technology, certain computation will be created in private cloud environments. And the public cloud is always going to be a destination for democratized innovation that's going to be available.

So we are seeing the growth in all three parts of the cloud. And like I said, we are at the beginning of this cloud journey

**Julie Sweet:** And maybe just adding the industry dimension. While it's true that there are some industries in parts of the enterprise that in general have had sort of a faster digital transformation, let's say retail compared to oil and gas. What we actually see when you look industry by industry is that very commonly about 10% of an industry will be viewed as a leader in digital transformation, including in the cloud. You have sort of 20%-ish, which are what we call leapfroggers. So those are companies that are moving rapidly to digitally transform. And then you have the rest. Our growth is being driven as that 20% starts to grow larger as more and more take on compressed transformation.

Now, the leaders and the leapfroggers, in general, are touching two times the amount of processes based on our research. They are Cloud First, and so they're leading in the move to the cloud, and they're trying to invest more of their IT budgets in innovation versus maintenance, which again plays into our strengths. And so, rather than say it's one industry versus the other is in the cloud farther, it's really more about industry-by-industry, who are leaders, leapfroggers and other.

**Angie Park:** Great. Julie, I have another question that I've received virtually. And the question is from Jason Kupferberg. My question is, can you quantify how much the pandemic has structurally accelerated Accenture's organic revenue growth?

**Julie Sweet:** KC, do you want to take them?

**KC McClure:** Yeah, sure. So I touched a little bit on that this morning in my presentation, where we just looked at the step up that we did in a couple of different metrics. So, first, I'll just talk about the amount of additional revenue that we've added, most of which is organic, in the last three years, and that was \$18 billion of revenue. And if you look at what we've done in terms of market share over this same time period, which mostly covers the pandemic times from FY20 to FY22, we've taken market share at seven times the IDC basket and five times our investable basket. And more recently, three times.

And if you look at what our overall CAGR has been at that same time, Jason, what you'll see and you know us very well, having covered us for so long, that the previous three-year tranches, both of them from '14 all the way through '19, those two three-year groups, we're in the 8% to 9% CAGR. And what you see in the last growth, the last time period, we've accelerated into 13% growth, in part because of what we've all been talking about and certainly because of compressed transformation.

**Julie Sweet:** The other thing I'd just add, Jason, as a reminder is that our inorganic strategy is all about driving organic growth. And so, it's why it's such an important part of our strategy because it really is serving our primary growth, which is organic.

**Angie Park:** Great. The next question comes from Miles Hamilton from Ninety One. The question is, can you talk more about the changes you are making to ensure Accenture remains a nimble organization?

**Julie Sweet:** That's a terrific question, and one of the things that we've talked a lot about was the Next Gen Growth Model that we put in place just prior to the pandemic, serendipitously, we moved very, very quickly. It was the biggest change in our history. We designed it, implemented it in six months. And to share a little bit about why that Next Gen Growth Model, which primarily one of the big changes it made was to put the P&L into the geographies as well as to disband digital, to put it everywhere. I'm going to call on Jimmy Etheredge, who is here to talk about it from a North America perspective in how during the pandemic, having our leaders closer to our clients has really helped accelerate growth. Jimmy, do you want to give a little color?

**Jimmy Etheredge:** Sure. Well, great example of this would be let's take revenue growth with clients. What we identified, a trend several years back, about how our clients were looking at the small and medium businesses as a very important segment to grow. And we saw this across a couple of the industries that are very important in North America, software and platforms, banking, insurance, telcos. And what was clear is if we could have an end-to-end solution to help them grow, there was a really significant market opportunity for us. So we put a strategy together that looked at, here are some of the capabilities we have, but also here are some gaps we have, that we need to look at acquisitions for.

And Julie, as you said, this is where now we can really take a look close with the market and what we put together, to be very specific, we took our Intelligent Revenue Growth Solution, which takes first-party and third-party data and combines it with our Applied Intelligence and our machine models and identifies leads, identifies customer opportunities in this space. New customers or to be able to grow more from existing customers. But then through our acquisition strategy for North America, what we said is we're going to acquire Yesler. So this is a B2B

marketing agency, which we did in early 2020, that is now able to support the marketing campaigns that you need for these leads.

And then we combined that with another acquisition, N3, that we did a little later in 2020, which is an over 2,000 person inside sales group with very specialized skills that leverages AI and machine models. So we put the leads, the marketing and the sales together to create a very differentiated solution. And I think it's a great example of how our ability to identify trends very close with our clients, we quickly translate into a winning solution through acquisitions.

**Julie Sweet:** That's great, Jimmy. And a key part of our Next Gen Growth Model was our deliberate decision to expand our Global Management Committee to include elements of all of our great services as well as our geographic markets. There are about 46 people, there are 46 people, on our Global Management Committee. And what that enables us to do is to bring innovation around the world very, very quickly and to bring our services with our clients together much faster. And that is why you saw us be able to do things, like within only six months after putting that model in together and the pandemic starting, creating Cloud First, which is just driving huge momentum in our business. And that was because we had the right sensing mechanism globally as to what was really going to happen as a result of cloud. And we could understand that from the services lens and the industry lens as to why we needed to organize differently to serve our clients and capture that momentum. I would tell you that we are the biggest we've ever been in our history. We are the strongest and we are the most agile we have ever been in our history at this point. Back to you, Angie.

**Angie Park:** Great, thanks, Julie. And the next question comes from Tien-tsin Huang. How is competition changing and confidence in taking share over the next cycle? Are you competing more against point solution providers versus diversified players? And how do you fare against each?

**Julie Sweet:** Well, thanks, Tien-tsin. You know us well, and in many ways the competition scenario hasn't changed in the sense that we have been able to go from Strategy to Operations for a decade. So we also have created and incubated areas like Interactive for a decade, and that has meant that we have always needed to compete across many, many more competitors because of the nature of our services. I think what's shifted now is that as companies moved from experimentation in digital, as technology has evolved into these new areas of the enterprise like Industry X, our clients are looking for something different. And so, the basis of competition has changed. They want scale. They want solutions. Jimmy just put together how we're able to combine lots of different capabilities to a solution to drive growth for our clients.

And so, the way we think about competition starts with what do our clients need? And so, we're very confident about the future because in our mind, the entire basis for competition has changed. And that's why I really went through earlier all of our competitive advantages that come together and serve our clients very uniquely.

**Angie Park:** Julie, the next question comes from Aschwin Shirvaikar. As your clients rethink their own operating models, it's clear you bring a range of capabilities to the table. But can you talk to whether your own engagement models are changing and whether you can bend the curve by becoming more non-linear? And may the Force 1 be with you.

**Julie Sweet:** OK, that we are going to be using a lot, I have a feeling. I love that. Well, thanks for the question. You know, we get some version of that question a lot. And the first thing I

would say to you is we already are a non-linear grower. And what do I mean by that? As Ellyn talked earlier about the changing nature of our workforce, we have already in many, many parts of our business, been continuously automating what we do. We've been upskilling our people, moving them to different places. And so, we expect that as we move forward, we're going to continue to be transforming how we do things as well as what we do for our clients. And so that, our growth will continue to reflect those changing dynamics.

**Angie Park:** Great. And our next question comes from Bryan Bergin. Please unmute and ask your question.

**Bryan Bergin:** Hi, thank you again for taking the follow-up. I have a question on the geopolitical front, really I would say a two-parter here. So, first, on the near-term side, have you seen any change in European clients' contracting activity due to the war or other macro factors? Really, just any change in the pace of pipeline conversion since your strong 2Q? And then second, more longer term, how do you anticipate the current war may influence clients' longer-term decisions for exposure to certain regions as development centers and any broader impacts you see from this on the services industry? Thank you.

**Julie Sweet:** Great, Bryan, thanks. And fortunately, we have Jean-Marc, who's the CEO of Europe with us. Jean-Marc, over to you.

**Jean-Marc Ollagnier:** Thanks, Julie. And I hope you can hear me because it's obviously a very important question. And maybe, let's be grounded first on our business in Europe, on who we are because I think it's important to, before we get to that specific question. We have a strong business in Europe. You know, we have been also pretty resilient during the pandemic situation and there is good reason for that. Roughly, Europe is one-third of Accenture's revenue. We have recorded very good momentum on sales recently and we recovered from the COVID-19 in less than a year because in less than a year, we were back to pre-COVID levels. And today, as you see, we have strong momentum in our business and there is very good reason for that.

The good reason is the diversification of the portfolio of business we are in. We're extremely diverse in terms of the different industries we cover, which allow us to balance the different cycles of digital transformation. We have also a great level and very trustful relationship with some of the major players there and this gives us the opportunity to lead in the compressed transformation agenda. In fact, we are leading in many of the services where Accenture operates in Europe and especially in technology. And this gives us a very unique position vis-a-vis all of our Diamond clients when we are pitching on delivering compressed transformation at scale.

And those things are obviously very relevant in the current context because we have also been very innovative, you know, during the pandemic, but also before. We really have been always on the forefront of the reinvention of Accenture's agenda.

Example around Interactive in the past, but more recently around Industry X, certainly around sustainability, as you have heard before, but also very much on the cloud continuum that Karthik has talked about. Those innovations will help us to recover fast from the COVID.

Now, yes, the world has changed again. You know, two years ago, the world has changed with COVID, and we're among the world of change again. And in the same way that we have done two years ago, we have been very close to our clients, try to really understand where they are,

how they see the situation. And today, we do not see any massive change in the client behavior as well as in our business. But we certainly see some emerging trends where we are proactively trying to help our clients. And I can give you some examples of the type of proactive action we are driving as we speak to help our clients navigating this.

First thing I think is around cost. Cost agenda is back as our clients try to regain competitiveness in the more inflationary world we are in. This is very important and certainly something that we are going to see emerging in more industries. Cyber security on protecting business, protecting business and ensuring business continuity is obviously top of mind. We have seen more attacks over the world recently, and this is certainly a topic where we can help our clients moving forward.

Another massive topic where we have a lot of proactive conversation is supply chain because, obviously, this is on the forefront of many of our clients, supply chain resiliency, supply chain diversification, supply chain cockpit. In order to deal with some of the disruption, we see some disruption recently with COVID, as you know. We see more disruption coming from this crisis as we speak.

And finally, energy efficiency. Energy prices are increasing massively. Many of our industries in Europe are energy-intensive industries, and obviously energy efficiency or energy transition or any action related to energy is at the forefront and certainly, what we do with our Industry X colleagues or sustainability colleagues is very important.

So this is, I would say, those four things that we are trying to see today where we are proactive with our clients. And I'm sure like for COVID, we're going to hear more, learn more around this crisis as we go. And this is certainly a way to engage, too, as a dialog to help our clients navigate a situation which like COVID is very unique, because none of us have been dealing with this kind of situation. And this proactiveness, this ability to innovate and to be proactive with our clients, is what we are currently doing. Back to you, Julie.

**Julie Sweet:** Thanks, Jean-Marc. Certainly, many of those themes in Europe, we're having the same kinds of conversations globally. So we aren't seeing, it's a month in, but we still have not seen any change in our pipeline or leadership or decision-making, but lots of conversations about how we can help our clients. So, thanks so much. Angie.

**Angie Park:** Thanks, Julie. And our last question comes from Keith Bachman. You have mentioned a few times that COVID has caused some clients to accelerate transitions, which has benefited Accenture and competitors, though more so Accenture. How do you think the industry growth has been impacted in the past 18 to 24 months? And moreover, do you think it's reasonable for industry growth over the next two to three years, particularly relative to the past post-COVID industry growth?

**Julie Sweet:** Thanks, Keith, for the question, I think KC certainly shared in her presentation how we've been taking share with the market. We talked a lot about the ongoing demand, so we continue to see a robust demand environment. And, of course, when we come back in September, we'll translate that into what we see next year for Accenture. But clearly, the need for clients to do total reinvention, plus the other forces around talent, the metaverse, the ongoing technology revolution and sustainability, we see really shaping our clients for the next decade and, therefore, us. Thanks.

So our time together has come to a close. I will tell you, it's been really fun to be able to be back doing this. I love the new IA Day, even though it's video, getting to see you in person, it's certainly been great for us.

Also, I have promised my colleagues that the pictures of them getting touch-ups and makeup will not be put out in social media. But, hopefully, you get a sense of our excitement about the future and that you are also excited because we do think that it's an amazing decade ahead and we really want to be a part of making that decade be the best one in terms of progress for all and a positive decade around the globe.

So I also hope that you've enjoyed meeting many, many of our leaders. Personally, I am extremely confident in the future because of these leaders and our people around the world. So with that, thanks again for joining. Thanks to our nearly 700,000 people and to all of our investors, we greatly appreciate the trust you placed in us. All the best.