

Accenture

Leadership Succession Conference Call

Conference Call Transcript

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CORPORATE PARTICIPANTS

Angie Park – *Managing Director, Head of Investor Relations*

David Rowland – *Interim Chief Executive Officer*

Julie Sweet – *Chief Executive Officer Designate*

PRESENTATION

David Rowland

Hello everyone and thanks for joining us today.

I am super pleased to be here with Julie Sweet, who the board selected to be Accenture's next chief executive officer on September 1st ... and I am also excited to assume the role of executive chairman of the board at that time as well. We're both going to say a few words and then we'll take your questions.

I want to be clear that today's focus will be on CEO succession and we would like to stay focused on that topic during the Q&A session.

Before we begin, let me ask Angie Park, our Managing Director of Investor Relations, to provide the Safe Harbor information.

Angie Park

Thanks, David. Let me remind you that some of the comments and responses to your questions may include forward-looking statements. These forward-looking statements are based on certain assumptions and are subject to a number of risks and uncertainties, and actual future results may vary materially. I encourage you to read the forward-looking statement disclaimers and risk factors described in Accenture's periodic filings.

Back to you David.

David Rowland

Thank you, Angie.

Let me say again how pleased and excited I am that our board has selected Julie Sweet to be our next CEO. I've had the pleasure of working with Julie for close to 10 years ... she is an exceptional leader with the experience and qualifications — and the passion and commitment — to lead Accenture through this next phase of growth.

Julie has deep experience across all of Accenture — including our industries, our business dimensions and our global organization. This is evident from her current role leading our business in North America — which as you know is our largest geographic market representing about half of our total revenues. And previously, as General Counsel, she was intimately involved in our largest and most complex commercial transactions as well as in executing our M&A strategy.

Quite simply, Julie has made a significant impact on our business. She's had a seat at the top leadership table, as a key member of our Global Management Committee, working side-by-side with both Pierre and me — and our entire senior leadership team — shaping and executing our strategy to lead in the New.

In her role as chief executive of North America, Julie has especially distinguished herself in repositioning our business — elevating us to a higher level of market leadership and creating a durable, resilient and diverse business. We're stronger and better positioned as a result of Julie's execution and leadership.

She's personally led our engagement in the C-suites of some of our largest global clients. And, at the same time, she led our strategy to focus on local markets, giving her a unique perspective on how Accenture brings all the parts of our business together to execute our strategy on the ground each day.

In addition, Julie is laser-focused on innovation which is reflected in her leadership in building a network of 11 innovation hubs across North America to co-create with our clients and bring them the most relevant and cutting-edge ideas and solutions.

As it relates to our people, Julie is passionate about creating a culture and environment where our people can reach their fullest potential. She has been at the forefront of executing our talent strategy in North America.

And, what makes Julie incredibly well-suited to lead Accenture is her commitment to our clients, our people, and our shareholders. And she has the highest integrity and lives our core values each day.

Julie is going to say a few words in a minute ... but let me first tell you what I'm going to be doing.

I'm incredibly excited about continuing to play a key role as executive chairman of the board.

In addition to chairing the board, I will be actively involved with Julie and the entire leadership team as we execute our strategy and continue to drive significant value for our clients, our shareholders and our people.

From my perspective, this is an exciting time for our company. Accenture is on a positive growth trajectory and is well-positioned for continued success — we have the best clients, the best people, a leading brand, global reach and extraordinary depth and breadth of service.

We have an incredibly talented leadership team of senior leaders, all with significant experience successfully managing our business. And Julie and I will provide seamless continuity during the transition, working with our broader leadership team — and, of course, we are all committed to delivering our business outlook for FY19 and positioning Accenture for the future.

With that said, it is my pleasure to introduce Julie, who will share a few thoughts with you before we take your questions.

Julie Sweet

Thank you, David and hello everyone.

Before I begin, I want to thank David, with whom I have worked closely for a decade. I have witnessed first-hand the tremendous impact he has made on Accenture ... and, in particular, as Pierre's partner, working side-by-side with him and our entire leadership team on every aspect of our strategy and operations. As significant as his contribution has been for over 36 years — in fact, yesterday was David's 36th anniversary — I am very appreciative of his leadership as both our CEO over the past few months as well as our CFO over the last six years. David played a key role in developing and executing our growth strategy — positioning us very well for continued market leadership. Thank you so much David.

I am truly honored to lead this great company and I want to thank the entire board of directors for their confidence and trust. I also want to thank our exceptional senior leadership team. At Accenture, we have never been about one person but always about the power of the team. Together we have achieved market-leading results, and we are committed to building an ever-stronger Accenture in the years ahead.

Now, let me say a few words about our strategy and our future.

As a member of our Global Management Committee, I have been closely involved in shaping Accenture's growth strategy and successfully executing our rotation to the New. We are on a positive trajectory and without a doubt, Accenture has built a strong and durable foundation for growth.

We serve the world's leading companies. And what we hear directly from CEOs and leaders of global companies is that they recognize they need to transform their entire enterprise and become continuous innovators. And I am confident in our business because of the power of Accenture.

No one has the combination of our great leaders and our amazing people who focus each and every day on serving our clients ... the significant investments we have made at scale to rotate to the New ... our global network of more than 100 world-class Innovation Centers around the world ... our deep and broad industry and functional expertise ... and the privileged and deep relationships we have across the technology ecosystem.

Before I wrap up, I also want to say how personally excited I am about continuing to work with KC, our CFO. KC and I literally go back to my very first day at Accenture, because I joined during earnings week when she was beginning her role as the head of investor relations ... and of course as the general counsel, we began our careers together, my career here, working very closely. And we're both very excited to have this incredible opportunity to work side-by-side in this role, and we've worked together, of course, over the last almost 10 years.

In closing, I want to thank David again for his leadership and I look forward to continuing to work with him.

And as always, I want to conclude by thanking our 482,000 people for what they do every day in serving our clients. That is why we are so special, and I am deeply honored to be the next CEO of Accenture.

With that, let me turn it over to Angie.

Angie Park

Thanks, Julie. I would ask that you each keep to one question and a follow-up to allow as many participants as possible to ask a question.

Operator, would you provide instructions for those on the call?

Operator

Certainly, ladies and gentlemen, if you do wish to ask a question, please press * and then 1 on your touch tone phone. You'll hear a tone indicating you've been placed in queue and if you'd like to remove yourself from that queue, you can press the pound key. If you're using a speaker

phone, please pick up the handset. Press the numbers again, *1 and we can go to the line of David Togut with Evercore. Please go ahead.

David Rowland

Good morning, David.

Julie Sweet

Hi, David.

David Togut

Good morning David, good morning Julie, how are you?

Julie Sweet

Great. It's a pretty good day, David.

David Togut

A pretty amazing day, I'd say. Well, congratulations, Julie, on your promotion to CEO and congrats as well to you, David, on your promotion to Executive Chairman of Accenture.

David Rowland

Thank you.

Julie Sweet

Thank you.

David Togut

Julie, given your deep experience, initially as a partner at Cravath and then as General Counsel and head of North America at Accenture, what would you do differently perhaps than David and Pierre over the next several years in leading Accenture?

Julie Sweet

Well, David, as you know, we have a proven growth strategy. And I've been part of the Global Management Committee since I started day one at Accenture and a part of shaping that. And, of course, if you look back over the last four years, that's the strategy that's been driving our strong results. And our strategy starts with what our clients need which, of course, does not change the day we get a new CEO. And so, what we're seeing in the market is that our clients are still in the early stages of digital transformation across the company and they're very focused on becoming continuous innovators.

And so, given where we are with what our clients need, it's full steam ahead with our current strategy and, of course, our results demonstrate the strong demand. We just announced a couple of weeks ago, double-digit growth in all aspects of the New, double-digit growth in our Intelligent Platform Services, which is 40% of our business, double-digit growth in Operations.

So, what I would tell you is, full speed ahead with our growth strategy.

David Togut

Understood. Can you give us any insight into your approach to managing North America and how that might shape your new role as CEO, perhaps not as implementing major change, but

perhaps more subtly, how you run the business and how that might translate into how you approach your new role?

Julie Sweet

I approached running North America as we have approached running Accenture and it really is all about the power of the team. And we have an exceptional team in North America which is demonstrated in the results, which are the results of the team. We have an exceptional team, a global team that I've been working with side-by-side. And so, what you should expect from me is the continuation of a long tradition that Accenture is about, having an exceptional, broad leadership team, and I'm super excited to continue to work with this team. And as part of that, you should expect a seamless transition.

David Togut

Very clear. Congrats again to you, Julie, and to you as well, David.

David Rowland

Thanks, David.

Julie Sweet

Thanks, David.

Operator

The next question here will come from Bryan Keane with Deutsche Bank. Please go ahead.

Bryan Keane

Hi, good morning.

David Rowland

Good morning.

Bryan Keane

Good morning, guys. Julie, obviously, you know North America, I'm just curious, what's the process for you to ramp up on Europe and the Growth Markets?

Julie Sweet

Well, so, first of all, let me start with, in North America, we are serving the leading global companies and I've been very personally involved with many of our top clients, as you would imagine. And so, in leading North America, we're serving these global companies and serving them all around the world, right. And so, that's obviously a great foundation for understanding our global business. And, of course, I've been a part of the Global Management Committee and we have a global strategy. In fact, we're bringing the global capabilities on the ground here in North America, but it is part of our global strategy. And you should expect to see me on the road a lot in Europe and in our Growth Markets. I've spent a lot of time with the CEOs of our global clients here and I will expect to do the same across the globe.

Bryan Keane

Okay, helpful. And then just as a follow-up, North America growth rate has been very steady and running a touch above or towards the high end at least of the guidance. Europe, though, has been a touch below. Just anything, any initial thoughts on anything you can do to rejuvenate Europe to accelerate its growth rate?

Julie Sweet

Well, as you recall, in our last earnings call, what we talked about, we've had, the real point of pressure in Europe has been Financial Services. And when you take out Financial Services, Europe is performing quite well. And so, we remain focused on that area of pressure.

Bryan Keane

Okay, helpful. Congrats to you both.

David Rowland

Thank you very much.

Angie Park

Operator, we have time for one more question, and then David will wrap up the call.

Operator

We'll go to the line of Lisa Ellis with MoffettNathanson. Please go ahead.

David Rowland

Good morning, Lisa.

Julie Sweet

Good morning, Lisa.

Lisa Ellis

Good morning and congrats from me as well. And both Julie and David, look forward to working with you. So, M&A is such a critical component of Accenture's strategy, as well as partnerships with a lot of the leading technology companies in the New. So can you highlight a little bit from your history, as general counsel, some of the innovative approaches that you've brought. I feel like that's been a critical element to Accenture's success over the last five, six years and in this transition I'd just be curious, a little bit of color around what you feel like you've brought to really build Accenture's skills in those areas? Thank you.

Julie Sweet

Sure, thanks, Lisa. Great question. In fact, when I joined Accenture, one of the first things that Pierre and I worked on, actually, because of my background doing M&A across the globe, was really starting to shape our M&A strategy. And actually, David and I worked very closely here, because we really developed ... and I give so much credit to David and to our team for developing a world-class corporate development function, and our business leaders for really executing on what's been the proven strategy that we've been executing for years now, which is to think of inorganic growth as an engine for organic growth. And it's focused on three things, scaling in the hot areas of the market; new capabilities — I mean, look what was achieved by the leadership team on Accenture Interactive over the last several years; and then, of course, accessing deep industry and functional expertise. And that has been a proven strategy and we expect to continue to execute on that.

Lisa Ellis

Terrific. And then, maybe my follow-up is maybe more for David. With this type of CEO transition at Accenture, do you think the investor community is perhaps as concerned about who wasn't chosen as CEO as who was chosen, because Accenture has such a deep bench and is such a team-oriented group. What are the steps that you and the rest of the board are taking to

ensure that the other key executives at Accenture are retained through this transition? Thank you.

David Rowland

This is a transition that we've gone through twice before since we've been a public company. And if you look at our track record previously, I would expect that the experience that we have with this transition would be similar to the experience we've had with the last couple of transitions. I can assure you, and as you know, Lisa, at the board level, we spend a lot of time with the management team, on the talent management of our top leadership. It gets a lot of attention. Julie has been involved in that as a GMC member and that will continue to be a focus going forward as it has been in the past. So, I don't expect anything different with this transition than what our experience has been previously.

Lisa Ellis

Terrific. Thank you and congratulations.

David Rowland

So again, I want thank all of you for joining us on today's call.

I also want to reiterate that we feel confident in our business, and I know without a doubt that Julie is going to be outstanding as our next CEO leading us into the future.

We look forward to talking with you in September for our Q4 earnings announcement. In the meantime, if you have any questions, please feel free to reach out to Angie and her team.

Thanks again and have a great day!