



FY27 Investor Day

Session Transcript: Inside Reinvention Services

Wednesday, October 14, 2026 | 9:50 a.m. Eastern

CORPORATE PARTICIPANTS

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Rob Lee – CEO of Dragos

Marc Warner – Chief Technology Officer and CEO of Faculty

Manish Sharma

So, I will try to moderate the panel, but these guys are a bit unruly. So, sometimes the panel really might go on its own way, but I will try to do my best. One of the things I always find about Accenture, even after three decades, is just the incredible talent we have. And for me, when I just see the four leaders walking in, I get goosebumps like – wow, who in the planet can have these kind of leaders? So, I'm going to start with Lan. I'm going to put you on the spot, Lan, on this. Because I talked a lot about enterprise AI stack, \$500 billion market and all the good stuff there. What does it really mean in kitchen English? Well, otherwise you know, and I talked about it being the new systems integration work, but just explain to our investors and analysts what we are talking about in this?

Lan Guan

Sure, by the way, you did great. So, in plain English, everybody can buy code. Every company has cooked up some kind of AI pilot. But as, what we talk to clients every day, AI scaling is really hard. So, Accenture builds an enterprise AI stack, and you can think of that as the industrial kitchen to scale AI. So, since ChatGPT launched, our team has done 18,000 projects, AI projects. So, we know where companies stand. Most of them have baked the cake in their grandma's kitchen, so to speak. So, now it's time for them to get an industrial kitchen. So, that is equipment, repeatable processes, quality controls, so that all of them can make the cake consistently and safely for millions of times. So, that's what we mean by enterprise AI stack. So, this is not a quiz. Manish showed the seven-layer cake earlier. This is what I do every day. Seven-layer cake has data knowledge, models, agentic core, governance, security and safety, scale AI operations, and then user front-end. All of this need to be built on top of robust AI infrastructure. So, my point here is, model is only one ingredient. You need everything else in the kitchen to bake the cake. So, this is a lot of work for us.

Also, I want to call out, the work is durable. The work will never go away. Why? Because as new tech gets launched every day, what does that mean to us? We have to do new work to integrate the new tech into the stack. Plus, Manish mentioned the AI Managed Service before. The stack needs to be run all the time. Why? Because model would drift, data would get out of shape over time. Also, we believe that readiness drives demand, because Manish, I hope you agree with me, the industrial kitchen cannot be filled on top of some kind of crumbling foundation. So, you talk about companies will do cloud migration modernization first. I will add to that, they also need to get their data AI ready as the new foundation. Last but not the least, why this is so important to us? Because this role is very hard to replicate. I'm not bragging about it. I actually think we're the only one who can do this work, because we bring a lot of the industry knowledge, a lot of AI expertise, that is a perfect combination. Plus, we have done this hundreds of times.

Manish Sharma

Thanks, Lan. It's always, I think, to demystify this enterprise AI stack, and that is why I wanted Lan to describe. Lan, one client example where you can illustrate -- where you

are seeing this -- how we are deploying this?

Lan Guan

Yeah, very quick client example. Actually, this is a personal project that I personally led, I think this is something that everybody can relate to. We built an AI travel companion for a large airline. So Manish, I don't know about you, but to me, when I think about personal trip planning, is full of what I call moments of anxiety. There's just so much in the air. So the system that we build needs to be able to handle billions of customer inquiries with a messy prompt just like this one, "Hey, I'm a loyal customer of your airline. I think I have \$500 credit from the past canceled trip, and I want to take my family for the first time to Paris to stay in a great hotel. But I want to use that credit. How should I do it?" So this is an everyday question. But we have to build a stack to actually get the work done. So just initially, just like everybody else -- we rushed to the model, we connect to the very powerful models, but then the out-of-the-box LLM doesn't know anything about the customer, doesn't know anything about airline specific things. So I have to give, model the context that is very, very important. We integrated a lot of data from airline. We also leverage a lot of airlines' knowledge documents, lots of them are standard operating procedures, policy document, very long, very messy. So I have to do a lot of work to cleanse them and actually bring them into AI.

And we also build a lot of semantics. You probably heard the term before, that's basically giving meaning to data, so that AI will actually disambiguate a fuzzy term like what I said earlier, great hotel, because great hotel means different things to different people. So this is the kind of work that we do behind the scene. And then we build agents. And think about agents just like a team working in the kitchen. And you have the orchestrator agent that is a head chef, managing a bunch of specialist agent and while we're building agents also is very critical for us to make sure that we do governance and safety and security, which I know my friend, Marc, is going to expand on that later. But we want to make sure that agents are following policy, systems are secure and user friendly. Another layer that I talked about earlier is very important because many people don't realize, now users for agentic AI, actually include both humans and agents. So, humans interface, there's so many choices. I got asked by my client every day, how do I not get locked in? And then agent interface also needs to be highly operational. And then we need to put all this together. It's almost like the industrial kitchen needs to have a command center to make sure that everything is running smoothly and all of this need to be built on top of very robust infrastructure. So, I think the key take away I want you all to have from this example is enterprise AI stack is the linchpin to scale AI. Back to you.

Manish Sharma

I think you just -- and for me, like I know whenever I go for any discussion and people say, can you just quickly do some AI and get things out very quickly. It's like really hard work, right? On this.

Marc Warner

We see this like, if you look back at history, always, the technology change to get the value, goes hand in hand with the process change. Whether it's like steam to electricity or containerization or computers, original computers into enterprise. And so, it's just bringing both together as the only way you ever get the value.

Manish Sharma

Just like that. That's why I love this. Let me go to Rob. New in Accenture, like six months, you are like three weeks and so happy to see you here. For all of us here, first of all, OT. It's like IT, everybody is like, grinding will go away. OT, for you, you develop, every night, you have one worried about "oh my God, what's going to happen?" None of us, like, really think about this. And it's going to become a \$59 billion market. Tell us, Rob, more about this.

Rob Lee

I mean, OT is the physical world, and no one notices it until someone hits the light switch or a talk and the lights go up and down you go, "oh, something's going on." And that's OT. It's the physical aspect of data centers, water, electricity grids, pipelines. It's our world. And all of the money has been spent on the enterprise IT side, to secure it. And that's not effective in OT at all. And no CEO is confused about where they generate revenue. It's not the website, it's the operation side of the house. And so, for governments and others to figure out that it's not protected, they're freaking out. And we see it happening. We see 700 supermarkets across France in the last week, refrigeration units turning up the heat, spoiling food, fires in supermarkets. People are scared, they're looking for partners, they're looking for answers, they're looking for solutions. So for Dragos to have the technology, for Accenture to have the reach, it's hitting a time and place that everybody has taken this seriously and needs an answer, and it simply hasn't been done before. And you can't have an AI revolution or space revolution without energy and infrastructure, and you can't keep it very long without OT security. So I think it's just wonderful that we're doing it today.

Manish Sharma

I first met Rob in Davos. It is pretty quick actually. It looks like it was yesterday, right? And it was -- I had a good tutorial on OT from Rob. He came to me and Walsh and I were together everywhere really having a good time. But it's just, I think just shows again, a massive opportunity that we have and how we are going to going to build on this.

And with that, I'm going to go to Tracey now, that every time he gives me this example and I start wondering getting worried. But you are right in the middle of all the factories. And all the plants and the maintenance and everything else going on. How has AI and security got to be designed as you are building this stuff?

Tracey Countryman

So first of all, I am so glad you're with us. He's my best friend in what I do and what our

teams do. So we are seeing AI in supply chain engineering across the patch. So it is early days, but if you think about it, R&D and engineering, core part of our clients' business, we're deploying AI with clients now to figure out new discoveries, formulations, new products. I mean an engineer spends 40% to 70% of his time, depending on industry, looking for data, doing documentation, redoing engineering drawings, and then trying to get it certified out the door, right. So agentic is brilliant for that space. Second, once we've designed a product, we have to make, we have to source the product and the materials. So we're seeing AI and how we look at alternative materials and sourcing. We're seeing how we can leverage it for optimizing spend and used to be, we discover the top categories of spend. Now we can cover all the categories of spend. Thank you, AI. Then once we have the materials and we've designed this product, we've got to make it. Manufacturing and facilities, I couldn't agree more. It is the heart of the clients' business, it's the literally the crown jewels. And we're seeing AI being deployed with our clients, with our help, and driving optimization, production, yield, quality, energy usage. Almost every clients' looking at this on how they can save money but also create growth. And then the last part of our chain: supply chain. How do we forecast better? How do we plan better? How do we respond more to the customers' demand and the signals? Tie it all together to drive more resiliency, but we can't scale any of this without what Lan said, which is we got to have our OT data and modernization in order. We've got to have the data foundations available. We got to have it secure and we got to bring our workforce, our engineering and operations workforce and supply chain along in this journey, right to be able to do this. Let me give you an example from a leading industry.

So one of the top industries we have in automation is automotive. One of our clients, the Renault Group, they are a European car manufacturer. They've spent seven years working on data foundations. So the core data foundations, and what does that mean? Well, it's across 20 plants. It's connecting 25,000 machines, 25,000, and I love the example of the billions of data for airline, but this is 5 billion data points a day. That's real time operations in production so that we can have cars. Now that's interesting for the visibility and how that all comes together. But they've already saved by doing that and being able to look at what's happening in the lines. They've been able to save EUR120 million a year and they've been able to improve by 50% the ramp up time for new cars. Okay, so that's growth. Now that they have this amazing data foundation, they're figuring out, how do they do an agentic layer on top to create an entirely new operating system for factories.

The agentic layer that can figure out and anticipate disruption around energy supply and anything that might change the output of those facilities from a network perspective. That's unbelievable. But the reality is what Julie said earlier and that is most of our clients are not there yet, right? On this journey, on how they can bring that data set together.

We're talking about decades old plants and equipment. We're talking about the fact that 75% of our companies are still doing manual operations. We can't talk about agentic over here when we're talking about stuff that's not digital yet. So the whole future is in front of us and how we're going to scale and help our clients get there is absolutely in the forefront in the very, very beginning. So to answer the second part of your question about OT security and my buddy over here, it's absolutely imperative.

It's not a nice to have. We cannot do the digital and the AI in these critical parts of our clients' business without OT Security.

Manish Sharma

Rob?

Rob Lee

I mean, I love hearing that. I think it's the critical part of critical infrastructure. And again, people understand that outside these rooms and in the field. And no CEO wants to have a loss of human life. No national security leader wants to have a loss of human life. And that's what we're talking about when you talk about cyber attacks on OT, it's catastrophic, it's power grid failures. We've already seen people try to kill people through cyber attacks. Nobody wants to talk efficiency in comparison to loss of life. And everybody wants to secure those facilities. So I just think it's absurd sometimes that we spend so much time only focusing on one aspect of security when our entire world and our communities and our families depend on this other aspect.

And again, I think that's only when you have trusted brands and partners like Accenture, you have all the expertise in one place. You have unique proprietary data, models, and insights that no one else has access to. And you can bring that into an outcome that not only takes businesses and allows them to transform, allows them to take advantage of AI, but it also protects people. And the combination of those two things is a good mission. But of course, it's a huge market. And the combination of those is just going to be something that I think we're going to be talking about for the next 30 years.

Manish Sharma

Right. Every time you give me with all the stats, you just make me worried actually.

Rob Lee

I always come off like a doom and gloom guy at the panels...

Manish Sharma

And -- the thing which Rob is talking about, not many people really understand the implications and that is why I said I got my first tutorial from him in January in Davos. But then let me move to my next tutorial that I got, which was with Marc. So, I met Marc in London when we were in the first discussion. We were near the whiteboard and we were fighting with each other. Who will take the pen on this? But Marc, we have -- we first met you. And what I really liked about Marc and the team was, they are a team of like 400 PhDs and all the good stuff, but their humility and grind being on the ground is incredible. And they talked about safety 10 years back when it was not very cool. Now everybody has suddenly woken up about safety, safety. Oh my God, Oh my God. But, like these guys were talking about it 10 years back. But Marc, tell us about what

does safe mean in the world of models?

Marc Warner

Yeah, I guess. Well, we've sort of always cared about safety because it was always obvious to us that if you anticipated AI playing a bit much bigger role in society, failures of it would also just be more impactful. But I think sort of similar to what Rob and Tracey are saying, the thing people still miss is that safety is going to be the unlock to doing AI at speed and scale for exactly the sort of similar reasons that Rob is saying about OT security safety. No CEO wants to bring AI into their organization that they can't trust and can't control. And we think of it much more like -- well, imagine a car, you have your brakes, which are sort of fundamentally a safety system. But if you want to do the fastest times growing around the track, you don't throw away your brakes. It's getting the safety systems, the brakes and the gas working together effectively, that get us the fastest times. We think AI will be basically identical to that and we're seeing it in practice. So, in the UK we did one of the first agentic system builds in the finance sector for a new bank called Tide, a growing business bank. And actually spotting the fraud there, to help them do fraud detection, spotting the fraud was quite easy. It was building all the systems around it, many of the things that Lan was talking about actually, that really took the time to get it right. But then once you do that, like the value is just obvious, and the organization can adopt it much, much more effectively.

Manish Sharma

Now, like again, this is where I'll tell you, like you can get anything from the discussion, but just see the talent and the wisdom that these people have. So, talk to us about applied AI. We talk about this, but you are not only safety, you are at the forefront of applied AI solving large business problems for life sciences clients and others. Talk to us about this launch of this new lab that we are talking about.

Marc Warner

Yeah. So, I mean, we think of ourselves as an applied AI company. So, we started in 2014 back when there was only really people doing sort of more academic foundational research. But we could see AI was going to be incredibly important, but we thought that it mattered, that it actually affected people's lives in a meaningful way. So, whether it was making education better or healthcare or products cheaper, all these kinds of things. So, we actually coined the term applied AI to sort of illustrate what we wanted to specialize in. And right now, there is basically a sort of open problem, which is AI is this extremely dynamic technology: every day, even week, months, certainly there are new releases, and the capabilities are just increasing and increasing. And organizations don't know how to bring that into their businesses. And so together with Accenture, we are going to invest in something that we're calling Faculty Lab, which is an organization that's going to sit at the intersection of frontier AI problems and real enterprise context so that you can act like, organizations can actually start to understand how to bring this into their businesses. So, think about something like software development. If you want to use coding agents as an individual, there's a ton of different blogs you could read. If you're a startup or a scale up, there's small amounts of good insight.

But if you're an enterprise that wants to use it in a regulated environment with tons of legacy systems across multiple geographies, multiple time zones, different teams, there's basically nothing on how you should manage that, how you should integrate these coding agents. And that's a disaster when there's about three times the number of software engineers that operate an enterprise as compared to startups. And so, we're just not able to get the value out of the technology at the moment. But soon we will be able to, I mean the big deal that you were talking about with Anthropic basically came off the back of Faculty investing in safety very, very small amount over the last 5 to 10 years. We're going to have 10x or 100x that budget in the lab and a much broader remit. So I think we'll be able to see some equivalently exciting things come out.

Manish Sharma

And you got me over excited as usual. Now Rob, I'm going to come to you. You were running a very, very successful, very fast growing business. Accenture also is doing this OT security and we are also the large cybersecurity business. What is the power of coming together here?

Rob Lee

Yeah. I mean, first, Accenture has already been doing this. When I started this company 10 years ago, nobody was really doing a lot of OT Security, wasn't really a market. Investors weren't looking at it. They thought it was crazy. I remember getting laughed at plenty of times in Silicon Valley. And now it's the biggest market that people are chasing. But Accenture saw it 10 years ago. Nobody else was investing in the services and the expertise and the talent. A lot of your competitors, they were there, they left it, they sort of flirted with the idea, but they didn't stick with it. And nobody in manufacturing, nobody in oil and gas, wants to see somebody whose first OT environment is their OT environment. That's just not going to work.

So for Accenture to have that level of commitment and talent, it resonates with the customers. For us, we have the technology and the expertise and the credibility as well. We don't have the reach and scale. By partnering with Accenture, we were able to immediately start opening up new geos and markets. We had customers come to us that trusted the Accenture brand and knew they could be successful. And these are huge projects. These are massive multi-million dollar deals, huge undertakings, and there are things that people haven't done before. Every CISO knows how to evaluate the next security technology in an IT market. They just need help. But no OT if they've never done the journey at all, they need a huge partnership. And they needed somebody to unlock the value, to operationalize it, not just to deploy the software, but many times to manage the security services after the fact. And to be there, unfortunately, when it's the worst day, everybody's worst day is that incident that takes place. It's scary, something's going on. It's not anything that you've been through before. You need somebody to turn to. And so for Accenture and Dragos to combine that credibility, that authenticity, the expertise, the technology stack, it's just something that everybody's been waiting for. And I hear from a lot of our clients that it's now time for them to accelerate. I hear a lot of CEOs going to the CISOs who don't

understand OT historically, saying this is our number one board priority. We will give you new budget. This isn't taking away from your IT budget. We will unlock new budget. Just please go fast. And it's going to be an Accenture-Dragos combo that gets us there fast.

Manish Sharma

Thank you. I think what Rob just described, I think IT has been, like focus and everybody's kind of talking about IT for a long time. OT is going to be one of the biggest, I think spends that we are going to really see.

Rob Lee

If I could say, no President and head of state has ever talked to me at Davos or anywhere else about the printer. Nobody has ever said like, hey, can you help me with my cell phone? It's always been in a conflict scenario in major attacks. How do you help secure our country? And all of that is just OT.

Manish Sharma

Absolutely inspiring. Now, I'll go to Tracey, back to you. So Tracey, I think for the investors, I think they've seen us as IT and we're doing all the functions and everything else, people with hard hats running around the place. Give us a window into like what is like, AI doing into this world of yours.

Tracey Countryman

I love that hard hat and steel toe boots--

Manish Sharma

I wanted to just paint the picture there --

Tracey Countryman

Multiple things. So one really interesting example that you guys might find fascinating is that we were selected as a sole engineering partner for an aerospace company to do a lightweight transport 19-seater airline. And we did everything from early concept to structural design through digital replicas, through documentation and certification. And we did that using AI in every part of that process. So one, that's kind of the R&D example around manufacturing, little different than Renault. That example is really with a company called Unilever. You guys might use Unilever products. You'll be happy to know that when we deploy a digital twin in a North Carolina plant with Unilever, you probably got more deodorant. Kidding aside, we did deploy a digital twin and that effectively is looking at line stoppages. And how can we drive a 95% reduction in line stoppages on our deodorant line? How do we drive improvement in capacity of 10% on existing assets and how do we reduce the waste by 20% as one example? We have other examples with mayonnaise. You'll be happy to know that you get really good

consistent mayonnaise as well using a digital twin. I use those examples a little bit jokingly to bring it home. But the reality is we're working with clients to deploy AI on the shop floor to optimize their production lines, both for cost and safety, but also for throughput and growth.

And then the last example is then the hottest topic besides OT, of course, and besides AI and all these other things, is really physical AI. One of the latest things that we are helping our clients figure out how they move things with robots and other capabilities and one of the challenges with doing physical AI, is that often to deploy it you have to stop production. We don't like to stop production. If you go into a warehouse, we're talking millions of packages that are running 24/7 to go out the doors. So we partnered with a company called KION, who is a leading provider of software and warehouse optimization, to simulate, to do a physical replica of a thing like this room, to then simulate thousands of scenarios exactly as it was built to train robots and models to be able to figure out how that's going to work with humans on a shop floor.

And then, once we have the right layout, the right setting and the right design, then we go deploy it right in the facilities. That is the future of physical AI and where things are going, doing things before they physically get put in. So those are just some examples. And our clients, frankly need help. This is messy, it's complex, it's mission critical for sure. And now, they're looking and saying, how do we help people? How do we help our people on the shop floor go on this journey and how do we help them transform with data, AI and cyber in a very fragmented and critical set of operations?

Manish Sharma

I want to just link what Tracey just mentioned to the graphics we were showing earlier. \$300 million grown to \$1.9 billion, 55% compounding rate of growth. That is why it is like so exciting. Thanks for sharing. Now Lan, I'm going to end this conversation with you. Everyone here, we get new models coming out, there's open weight models coming out. What is so much confusion around this and people are -- you explained how we make it work but tell us a bit more about the model's selection and the open-weight model. What does the clients need?

Lan Guan

Absolutely. So it's really hard for me to follow the race car example, the airplane example. I don't know what I'm doing here, but to me, Manish, this is pretty straightforward. I think the logic is these models are a super powerful, but they are not easy to use. So what we are seeing is companies not getting value and they pull back. So, our job is to put those models to work so the business get value and also model partners that you and I work with every day, they get consumption. So, Manish, you and I seen this in the earlier days with cloud. Companies were signing up very large, significant consumption commit, but buying capacity is only the beginning.

So, we were the ones who actually helped them move the application, connect the data, change the way they operate it so that those spend commit actually turn into productive use. So, we're seeing this again with AI. Same logic, when companies are not getting value they retract from their AI investment and our model partners are not

getting consumption. So that is the dilemma. How do we get them unstuck? Three things. First, we make model work. We work with lots of model companies to build repeatable industry solutions and we also help clients build all kinds of harnesses and supporting infrastructure to make the model work so our business clients get value.

Second, we help companies select the right model for the right work so that the total consumption will go up. If I ask five people here, what are your favorite models? I will likely get 50 different answers because there are hundreds of models and new models are coming out every week. So, in fact, Manish the tokenomics research that you and I did a couple months ago actually proved that there's only 10% to 20% of the enterprise workflow justify the use of the frontier model capabilities. So many companies just started realizing that not every model, every workflow deserves the most expensive model. So that is the work that we are helping them with by selecting the right model for the right work so that they get value and then our model partners would get consumption. Third, we also work with companies to utilize open-weight models so that they can have better control over their data.

Also, as you know, we just a few weeks ago, we launched our full life cycle services of helping companies onboard, manage and run open-weight models, in their secure environments. Yes you heard it right, full life cycle services. So this will give companies many more options for them to use the models that they want. And this is even more critical in regulated industries such as healthcare and banking because they cannot leak their data. And also the cost of managing their data model is extremely regulatory compliance is non-negotiable.

So we got too excited about talking about models here. But as a veteran in this business, I've been doing this for 20 something years, I cannot have the thought of a better and more exciting time. And thrilled to be leading this business. And as Julie mentioned earlier, AI is the tailwind to our business and I firmly believe in it.

Manish Sharma

Thank you. I think, always good to chat. And when, when she says we did the tokenomics paper, she did it. She and her incredible team, I think they kind of did it. I think just wanted to kind of end this with kind of saying that we see a massive opportunity. We see a lot of white space and everything that we do. We see millions of hours of work that work that needs to be done in deploying some of the technologies that we have just been talking about. I think, again, the model for us is the same, which is identify the opportunities early, invest, build organically, acquire and kind of scale with the Accenture's power. But that's kind of what you got from the team here. But thank you for listening and thank you for the discussion. I think we will continue the discussions over lunch, but now it's back to Julie.