

# Accenture Investor & Analyst Conference

**April 25, 2018**

**New York**

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## **ANGIE PARK – *Managing Director, Head of Investor Relations***

Good morning. I'm Angie Park, Managing Director, Head of Investor Relations and it is my pleasure to welcome all of you in the room, as well as those that are joining us via AudioCast. The theme of today's conference is Innovating in the New. 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 that story with you.

Let me remind you of 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 risk factors heading in our most recent Annual Report on Form 10-K and other documents filed and furnished to the Securities and Exchange Commission. 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 actual results. As always, Accenture assumes no obligation to update any statements made in these presentations.

I'd also like to remind you that we will not be providing you with an update for or making any comments related to our third quarter fiscal 2018. Also note, 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 to GAAP measures, posted to the investor relations section of our website.

So, once again, thank you for being here and it is now my pleasure to introduce our Chairman and Chief Executive Officer, Pierre Nanterme.

## **Innovating in the New**

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## **PIERRE NANTERME – *Chairman & CEO***

Thank you, Angie, and good morning everyone. Needless to say, that I'm just delighted to be here with all of you and to have the opportunity again to meet with you more personally and to have the dialogue. To be honest, speaking from my heart, I missed you a lot these last few months and it's just a pleasure to be here. Delighted to welcome you to our Investor and Analyst Conference. I mean many of you mentioned that we didn't have one last year and it's been now

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probably a couple of years. But as we said at Accenture, it's good to have an analyst – Investor and Analyst Conference when you have something to say and something to share. And I really hope and expect that you will see with all the presentations that, indeed, we continue to change a lot this organization and we have a lot to share with you, which I expect you're going to find relevant and interesting.

It's absolutely fantastic to have so many of you with us today in New York. But I want as well to welcome those of you who are joining with AudioCast, so you will be able to participate as well to this event.

I'm going to start with sharing with you a dilemma I had a few days ago. To be totally transparent and honest, I was part of the French Delegation with the President Macron to meet with your President Donald Trump. So, I had a very, you know, perceived complex choice, should I be in Washington with President Trump and President Macron or should I be in New York with all of you? It has taken probably two seconds to solve the problem and I'm just delighted to be in New York with you today and sharing what I'm absolutely passionate about – the strategy of Accenture and what it is we are doing to make this company leading in the New and leading in the marketplace.

Moving to the agenda. Our theme today is Innovating in the New. And I'm pleased to be joined by several members of the Accenture leadership who will bring this to life to you and I'm sure they're going to be very passionate, convincing. They're going to drive massive energy because I know that they love their jobs and they're always trying to do their best to solve for Accenture, as well as solving for clients.

Talking about innovation. I mean the name of the game today is clearly about innovation. And this morning we're going to provide an update on how we apply innovation at an amazing scale, across industries and across the world, as well as anticipate the next waves of technology disruption.

So, now let me start with the strategy we have been executing successfully for now about five years since 2013. A strategy we called Ambition 2020 at that time. At the time where we're starting the effort, we recognized that the technology revolution was starting to disrupt and transform companies and entire industries globally. And so, we decided to take bold strategic actions to drive our differentiation, not only to better serve our clients, but also to meet our objective of growth in a new digital world.

Today, simply said, our strategy has three key building blocks. First, and very important, is our end-to-end business architecture aligned around distinct and highly focused businesses, which you know now very well – Accenture Strategy, Accenture Consulting, Accenture Digital, Accenture Security, Accenture Technology and Accenture Operations. We are competing at scale in each of these businesses and they are global leaders in their own right, from shaping strategy for the C-Suite, to delivering cutting-edge and leading-edge solutions, to running operations on behalf of our clients.

Only Accenture today has the full range of capabilities in an industry context to integrate and deliver end-to-end services and commit to a tangible business outcome for our clients. And this is why we built this pretty unique and powerful business architecture.

Second is our very rapid and successful rotation to the New. Our definition of the New is very clear, is all about digital, cloud and security-related services.

Our growth in the New has truly been amazing. Just three years ago in fiscal year '15, revenues from the New were \$10 billion. This year, they will be well over \$20 billion, approximately 60% of total revenue. Needless to say, that we've been rotating at an amazing speed, but as well at an amazing scale.

Today, we are a market leader in digital, cloud and security, and the only provider operating at scale again end-to-end in the New. From creating digital experiences with Accenture Interactive, you will hear more about this later, to mining data to create new business models with Accenture Applied Intelligence, to reinventing manufacturing through Accenture Industry X.0, we launched recently and we will present today, to building the most effective cloud solutions, and to create cyber trust through Accenture Security. Kelly Bissell will present later on this, Accenture Security, and needless to say, that in the current context, creating trust in the digital environment has become a very important agenda for the society. With these growth capabilities, Accenture is uniquely positioned to support our clients in their digital transformation journeys.

The third building block of our strategy is innovation, which increasingly is at the heart of everything we do every day at Accenture. We're creating quite a unique Innovation Architecture which does integrate our capabilities across Research, Ventures, Labs and Studios to pioneer new ways of collaborating with clients, co-creation, if you will, to develop and deliver disruptive innovations. And through our global network of now more than 100 world-class innovation centers around the world, we work side-by-side with our clients, with start-ups, as well as with universities every day to co-create the innovative digital solutions of tomorrow. This is a very powerful approach and we will, again, elaborate on this this morning.

So, in areas like blockchain, extended reality and quantum computing, we are already investing and executing on what we are calling the next New technologies and you will see how we operate in our core, in what we're calling the new with scale rapidly and we already anticipate what we're calling the new New or the next New.

Quite simply, our innovation architecture makes us extremely relevant to clients and positions us to anticipate and capture future waves of growth to stay ahead of the curve in the New, which is very important for us because when all these waves are coming at speed to you, it's very important you're taking the position of the market leader, you anticipate and you move ahead of the competition.

In addition to the investments we have made to be innovation-led, I just mentioned, we have accelerated our strategy and strengthened our differentiation by stepping up our investments in strategic acquisitions – we talked a lot about it – in building assets and solutions, and IP, and in hiring and developing the most relevant talent.

In the last five years, we have deployed \$5 billion in about 90 strategic acquisitions. A majority of them in the New, of course. And for Accenture and this is fundamental, acquisitions are an engine to drive organic growth by adding key capabilities that enhance our differentiation in the marketplace.

We also invest about \$700 million a year in research and development and Paul Daugherty later will mention how he's leveraging these investments to anticipate the new New. Our intellectual properties is an important asset that drives differentiation and value. And we now have more than 6,000 patents and patent-pending applications in areas like artificial intelligence, cybersecurity, drones, virtual agents, Internet of Things and other platforms.

As a professional services company, our people ultimately make the difference in our success. And I'm particularly proud of the quality and depth of our leadership across our now 7,000 Managing Directors. And in fiscal year '17, we made significant investments to even further strengthen our bench, promoting or hiring nearly a thousand new managing directors with highly differentiated skills and expertise, especially in the New.

At the same time, to ensure that all of our people remain relevant, we invest more than \$900 million a year on learning and professional development, including substantial investments in reskilling. Again, this is something we will elaborate on later in the presentation. And I feel very privileged to lead our company of now 442,000 talented people working in 53 countries around the world. And I want to take this opportunity to thank each of them for bringing their unique knowledge, dedication, passion and energy to our clients and our business each and every day.

We also leverage our unique role in the technology ecosystem to bring the best solutions to clients. Accenture is the largest independent technology services provider and the leading partner of all key players. And we work hard, very hard to continually strengthen those partnerships.

Over the last two years, we have expanded our relationships with all of our largest ecosystem partners, including Amazon Web Services, Google, Microsoft, Oracle, Salesforce and SAP. In addition, we formed a new partnership with Apple, including a dedicated iOS practice to drive innovative business solutions.

So, we have the right strategy of leading and innovating in the new, delivering end-to-end services, supported by our investments and ecosystem partnerships. The final ingredient is our ability to deploy our services at scale in the most attractive industries and geographic markets around the world. With our broad capabilities and deep industry expertise across our 13 specialized industry groups, we are well positioned to operate at the core of our clients' businesses to deliver the most complex, mission-critical transformation programs.

Accenture, of course, has a large global footprint, but yet, we have a particular focus on growing our largest markets. I'm thinking about the United States, the UK, Japan, Italy, Germany, France, Australia, Spain and Brazil, which account for about 80% of total revenue. And I am absolutely delighted to report to you this morning that in every one of these countries, we have grown revenues in local currency at a double-digit or high single-digit compound annual rate for the last three fiscal years. And I'm especially pleased that Accenture is now the market leader in Europe, as well as in the United States – and we are rapidly gaining market share in the Growth Markets.

So, at the end of the day, our goal is to better serve our clients and the true test of the success of our strategy is the long and enduring client relationships we have built. Indeed, 98 of our 100 largest clients have been with us for at least 10 years. It's all about trust and confidence. And today, we are proud to work with more than three-quarters of the Fortune Global 500, including

95 of the top 100. But the best evidence of our relevance, differentiation and competitiveness is our growing roster of Diamond Clients, our largest relationships with many of the world most iconic brands.

We keep adding more and more big clients, and now we have a record 175 Diamonds compared with 138 four years ago. And I would like again to take the opportunity to thank all of our clients for the trust and the confidence they have put in Accenture over the years.

So, in closing, we clearly have the right strategy and we have executed very well. You know, in my country, we would say we have executed reasonably well. I'm here in the U.S. and I can claim that we have probably executed extremely well. We have achieved a dramatic transformation of our business while consistently meeting our financial objectives, including delivering very substantial returns to our shareholders. David will comment on this about our performance. But for the last four fiscal years, we have grown revenues significantly faster than the market, gaining market share, delivering strong earnings per share and free cash flow and returning \$16 billion in cash to our shareholders.

And as you listen and you will listen to our leaders today, I know you will feel our commitment and passion for continuing to execute our strategy to serve our clients even better and, ultimately, to continue to deliver growth and value for our shareholders.

So now, let me introduce my friend, partner and colleague, Omar Abbosh, our Chief Strategy Officer. This gentleman is driving all the investments that keep us relevant and differentiated in the marketplace. So, over to you, Omar.

## Scaling the New

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### **OMAR ABBOSH – *Chief Strategy Officer***

Thank you, Pierre, and good morning everyone. As Pierre said, I'm Accenture's Chief Strategy Officer, and in that role I'm responsible for Accenture's strategy and executing to make it happen through driving all of our investments to differentiate Accenture in the marketplace.

I've been in this role now for just over three years, and with a mandate, a specific mandate from Pierre, to help establish our leadership in the New and I'll get into that. And we do that through specific growth strategies in each of the units of our business and aligning our investments to those growth strategies.

My Growth and Strategy team has members in each of our operating groups and each of our business units, and we work together to make sure, first and foremost, that we understand the trends in our clients' industries, so we understand the sources of disruption and change in those clients' industries.

Secondly, I work very closely with Paul Daugherty, our chief technology & innovation officer, and you'll hear from Paul later as well, to understand the technology trends and the emerging patterns. And in combination with the industry trends, start to form a view about what the real

market growth opportunities are for Accenture in the new areas that we want to pursue. And then finally, we align our organic and inorganic investments against those growth areas to drive our ultimate business results.

So, on leadership in the New. We believe you know very well what we mean when we say the New. And as Pierre just said, we're very pleased with our rotation to date, as we're expecting more than \$20 billion in revenues in fiscal '18 in the New, representing approximately 60% of our total net revenues. So, those capabilities are Interactive, Mobility, Analytics, Cloud and Security. You're familiar with those.

But what we learned is as we scale an area, the New itself evolves as well. So, for example, in Mobility, as app mobility became pervasive across all the technology work that we do in all of Accenture, we dove deeper into the Internet of Things part of mobility, combined it with product design, with connected platforms, and have come up with a new business unit that we call Industry X.0, that Mike will talk about, that is all about digital in the industrial space, serving industrial clients with all the possibilities that digital brings.

Similarly, analytics. We built it to scale on data, data science and algorithms. So, evolving that capability to include new capabilities around machine learning and deep learning, helping our clients transform their business models with artificial intelligence in what we call Applied Intelligence, is just our next logical extension.

So, in the future, when we discuss the New, you can expect to hear us talk about Interactive, Industry X.0, Applied Intelligence, Cloud and Security.

So, what do I mean by establishing leadership? I mean Pierre touched on this. First and foremost, it's three things: Relevance, client relevance — how can we ensure that we're super relevant in these high-growth areas for our clients? And we achieve this through a very deep industry and technology domain knowledge that we bring through our Strategy, Consulting and Digital teams.

Secondly, it means major differentiation versus our competitors. And we do that through our innovation strength, our investment agenda, and our ecosystem partnerships and relationships.

And thirdly, it means scale, leading at scale. We want to be number one in each of the domains that we choose as a priority growth area, and we want to be able to have talent at scale, we want to be able to deploy that best talent globally at scale, and then the combination of the client relevance, the differentiation and the scale, makes us incredibly competitive and allows us to compete very well in the markets that we choose, so that we can lead.

Underpinning all of this is our investments. And Pierre asked me to elaborate a little bit more on our investment approach for us today. So, our overall capital allocation approach is super disciplined, very focused on maximizing value for our shareholders. And a key element of which is the investment strategy we put together for our organic and inorganic investments. So, as mentioned, I focus on managing our investments, firstly, by working with our operating group chiefs on what we see the dynamics are in the industries, and then with Paul and others on the technology patterns and emerging trends. And that helps us select the areas we want to invest in.

But our investment strategy, in targeting these new capabilities, we're constantly thinking about how do we build the capabilities and deepen industry domain experience and manage the right balance across the geographic mix of our portfolio?

So, with inorganic investments — which I think you know we use as a trigger to stimulate organic growth in new areas — the way origination works when we're looking for targets and deals to make, is we try really hard to work with targets ahead of time, in our clients' organizations, testing the hypothesis that combining their capabilities and ours is, indeed, valuable for customers.

We also spend an inordinate amount of time to create real alignment with the founders and the key employees around the vision and the growth plans. And it's only when we're convinced about the market relevance of the combination and the alignment of the leadership that we then proceed into our disciplined process around transacting and the whole approach led by our capital committee.

This means, of course, that I work very closely with David — David Rowland, our CFO — on the deployment of our investment capital against our strategic priorities. And we focus on the business case of each and every target to ensure that we really believe that the economics are accretive to Accenture, that there's a strong cultural fit, and that we have a very strong operating approach of how the thing will work in the market.

Once the deal is done, our integration approach again is very, very disciplined. We think of it in two parts. The back-office part, again, is super-detailed and we can bring a company onto the Accenture platform in a matter of weeks, if that's the right thing to do. Our primary focus, however, is on what we call the front-office alignment. How will the go to market work? How will the services and products of the combination evolve for our clients over time? And how will we, most importantly of all, manage the energy, the vision, the motivation of the founders and the key employees in the combination?

So, in the three years after a deal is consummated, we have what we call our look-back process, where we ask the deal sponsoring teams to come back to the Capital Committee on a periodic basis, where we review our performance overall against the original economics of the business case, on cultural fit and on retention rates. So, we're constantly trying very hard to learn the lessons and learn the best practices of what really works with all of the deals that we do over time and bring that back into our investment process. And what we find is that this discipline holds us all to account, not just the deal teams themselves, but also all of us on the Capital Committee, who are responsible for making the calls about whether or not we proceed on something, and that discipline keeps us grounded and honest.

As you can imagine, this process that I'm describing to you is continual, it's dynamic — we're not sort of defining a multi-year plan and then following it out; that way, we're constantly adjusting to patterns and moves in the market and rapidly rethinking about how we need to position Accenture. So, for example, Brian will talk about Accenture Interactive. But if we go back in time, our initial acquisitions of Accenture Interactive were around ecommerce, digital marketing and content management. What we've evolved over to time to say is, okay, experience is really important, and so design is important. So, we do deals around companies like Fjord, Karmarama and Rothco, or product design with Matter, or immersive reality and new ways of visualization with Mackevision. Similarly, in the analytics space, initially we may have

purchased companies with design tools like i4C, but then we go deeper in data science with OpsRules and Gapso, and then with a wider spectrum of analytic and search technologies with Technologica and Search Technologies.

So, as Pierre mentioned, over the last five years, we've completed 90 acquisitions — nine zero — 90 acquisitions, and deployed about \$5 billion of capital in our priority areas. And this combination of very discrete growth plans in each of our areas, combined with a strong investment agenda, is, indeed, what is heavily behind Accenture's recent performance, and it fuels our organic growth.

So, on the organic side. We invest a lot organically as well, in our people, our talent and our offerings. So, in fiscal '17, we invested \$700 million in R&D, and we invested \$900 million on talent and professional development. We're investing in thought leadership, in new offerings and solutions for our customers across our industry, technology and functional practices. We invest in proprietary technology platforms and tools, such as MyWizard, that Bhaskar will talk about in the Technology space. And all of this helps us drive efficiencies in our technology and operations businesses using automation and AI.

So, you can be sure that each move that we make, we take our learnings and we keep bringing them back into our entire investment and strategy formulation process to make sure that Accenture, as we scale the New, are constantly looking to evolve and think about what comes next and the next New, and Paul will describe this later.

So, I'm really pleased today to be joined by three of our awesome leaders, three of my friends, who will talk to you about their businesses and how they're driving each of them to become number one in their areas and put color on what we mean about scaling and leading in the New. So, first is Brian. Brian Whipple runs Accenture Interactive. He's been instrumental in taking this thing from inception through a massive growth phase that has made it a super-successful digital agency, experience agency, that Brian will describe.

I remember when I very first met Brian, I thought to myself, okay, so this guy has ditched his suit — I think he was in a baseball cap in our meeting and I knew that he was yanking us into the modern era and things were going to be different. So, over to you, Brian.

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### **BRIAN WHIPPLE – *Accenture Interactive Lead***

Thanks, Omar, and thank you, Pierre. I'm thrilled to be here for a few minutes to talk to you about Accenture Interactive. It's been a privilege to run that on behalf of Accenture for the last, you know, 7 or 8 years; I think I've been here around that long. I'll get right to it.

So, some of you are probably, most of you are somewhat familiar with Accenture Interactive at this point. But there have been a number of things that have happened in the last, really in the last, I would say, two or three years that have dramatically changed our landscape and given birth to such a massive opportunity. And I want to talk to you just a little bit about what those are.

First of all, in terms of what, from a digital consumer, what the experience is and what their expectations are for a company to deliver to them, it used to be that, say, if you were a retail



bank, that you would want to know what the next retail bank is doing and one-up them, or what this other financial institution is doing. That's not the case at all right now. What a retail bank wants to know is something like, "How do I create an efficient, seamless experience like Uber or like PayPal or like Amazon?" So, these innovations in broader industry regarding a consumer's relationship with a brand have permeated everywhere, so consumer expectations are very different. That's the first thing.

The second thing, that the convergence of marketing and technology has been massive and great, but it is also tremendously complicated. Many of you have probably seen LUMAscape-like charts of all the different players, whether it be online advertising or ecommerce or personalization or a campaign. It is massively confusing for our clients — which, of course, creates great opportunities for folks like us to help them.

Thirdly, and if you remember one thing about what's different, this is what I would suggest: It used to be that brands are built through essentially push advertising. Advertising was created to create an emotive message that would resonate with someone to receive that message, and over time, if that message was delivered consistently and numerically enough times, that that message would be received. That's really much less the case today. And instead what's happened is that brands are built through an amalgamation of where customers experience all those touch points — whether it be a website, a mobile app, an in-store experience, including television, radio and other traditional advertising vehicles — but it's an amalgamation of those touch points now. It's the holistic experience with a particular brand and the question of "Is that brand true to what they say"? That is now what is defining a brand.

So, these three things have given birth to this phenomenon in the market and have changed very much what the overall opportunity is in the CMO and broader marketing landscape. And that has given genesis to what Accenture Interactive is focusing on now and has focused on in the last couple years.

We are essentially an experience agency. What does that mean? It means, yes, we focus on creative and have some of the best creative minds in the world, but we're also a very strong business consultancy and also a technology powerhouse. It is the combination of those three things that creates the experience agency that is addressing today's CMO market.

This has borne significant fruit for Accenture Interactive. Some of you I've seen years ago at this conference and, you know, we've grown up. It's a big play now. Yes, we are ranked as leaders in digital experiences in leading reports such as Gartner, Forrester and the like. We have creative awards now, whether it be Cannes Lions or Effies and things like that, if you're familiar with such things. We have that.

We, of course, have top industry relationships with the top partners, whether that be Adobe or Salesforce or SAP Hybris or IBM Watson Customer Engagement. We're always at the top of those relationships from their perspective, and they are key to our growth as well. But it's not just that. As you probably know, we've been ranked in *Ad Age* the last two years as the largest and fastest growing digital agency in the world. We now are more than 25,000 people strong delivering Accenture Interactive work around the globe. And in FY17, we did about \$6.5 billion in revenue for our clients. That represents a 35% year-over-year growth number over the year before, and I think most of you have seen that is fairly consistent with the years before. So,

we're very pleased to take advantage of this market opportunity, and it's really because of that phenomenon change in the marketplace that I described.

So, how are we different? Well, let me tell you a little bit about that. First of all, we do not enter a client relationship to integrate a specific marketing technology or a cost takeout or a process redesign. We do not enter there. We enter by defining the experience — we are experience-led. So, we have very large practices in commerce, in content, in design, and in marketing processes and campaigns, and they are successful in their own right. However, it is the tying of them together in inventing what a new experience can be for our clients' customers that really defines us. We lead with "What should the new experience be to research and buy a car, to try on clothes, to pursue a financial product from the purchase of a home?" Things like that. We start there and start initially technology-agnostic and correspond our direction with what the client needs actually are. That's one. It's very different from other players.

Secondly — and this is a huge point — we do this on the shoulders of Accenture. This is incredibly significant in that it could mean logistical things, like expanding in new markets in terms of real estate, in terms of legal arrangements with foreign governments. Think about it; easier to start businesses in places like that because of the Accenture footprint. But most of all, it's really the stuff Pierre talked about. It's that Accenture is already a trusted business advisor for many of the top companies in the world. So, bringing in something that may have been new to that client four or five years ago, such as Accenture Interactive, we are already trusted by their executive suite, and that, frankly, makes my job a little bit easier. So, being on the shoulders of Accenture is a critical thing for us.

Third point of differentiation is, I talked about designing these experiences for our clients, and you know that we build and architect these experiences, which can be global and can be very complicated. But we are also in the business of running and managing these experiences for clients, and that is a significant point of differentiation for Accenture Interactive.

So as you know, we've, in some respects, raided the market of talent and many — I'm lucky to have many top talented executives come to Accenture Interactive over the last couple of years.

So, recently, Nikki Mendonça has come to us and she's going to tell you on video a little bit about the managing and the run component of these customer experiences. So, we can roll the video please.

### [INTELLIGENT MARKETING OPERATIONS VIDEO](#)

Well, thank you to Nikki for that. So, she gave you a little flavor there for our perspective on actually managing these customer experiences intelligently for our clients. So, thank you, Nikki, for that.

Many of you are familiar with many of the acquisitions that Omar and Pierre referred to briefly, and clearly Accenture Interactive has been active in that space. So, I want to make it clear that from our perspective, we do not acquire any company for the purposes of adding revenue. That has never been, nor will ever be, the case and is not in our strategic roadmap to do so. We make acquisitions to spur organic growth, clearly. And there are really only two circumstances in which we do this. Number one, we need to add a new capability. Or — and sometimes they're both — number two, we need to scale an existing capability, but perhaps in a new geography.

And I can look at all these acquisitions, some 15 or so in the last maybe three years order of magnitude, that we've done and they all fit into basically the first bucket or the second bucket. And then the idea is to grow them organically integrated with the rest of Accenture Interactive. We are one Accenture Interactive around the globe, one global team.

An example of this would be when we bought Fjord about five years ago, our service design company. They had, in 2013, about [nine studios, approximately 200] [corrected] designers. Well, today, we are more than 1,000 designers strong in 27 studios around the globe, and they do great service design work and are often the tip of the spear for other work in Accenture Interactive and really work throughout Accenture. And that's an example of how we've grown that organically, and that's been a very successful play for us here at Accenture Interactive.

So, it's been a very successful few years. I believe we're very strongly positioned. Accenture Interactive is actively involved with three-quarters of the current Fortune 100 in terms of those client relationships. We have things like the Experience Agency from Maserati; you know, that's fun. We are the experience agency for the Vatican Ministry of Communications, also fun in a different way. And then we're things like the innovation partner for Disney StudioLAB. So I'm very fortunate that we have great people from around the globe working at Accenture Interactive on these types of things, on the shoulders of Accenture, and it's been an awesome ride.

Back to you, Omar.

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**OMAR ABBOSH – *Chief Strategy Officer***

Thanks, Brian. Thank you, Brian. You see Accenture Interactive is so successful and we have wonderful leaders like Brian. Let me bring up our next one. So, Narendra Mulani runs Accenture Applied Intelligence and this guy typically raises the IQ in any room by a few points whenever he walks in. So, over to you, Narendra.

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**NARENDRA MULANI – *Chief Analytics Officer***

Thank, you Omar. I'm sure there is no lack of High IQ and EQ folks in this room today. So it's great to be here. As Omar said, I'm Narendra Mulani, the Chief Analytics Officer for Accenture. While Accenture Applied Intelligence is new, it's really been a natural evolution of the business I've helped shaped since 2012.

So, let me start by talking a little bit about our scale, our capabilities and some of the recognition we have in the market. Accenture's deep understanding of industries and functions when combined with data, analytics and now artificial intelligence has created a really unique business opportunity for us. It's fueling the experiences that Brian just talked about and it's helping us work with our clients to reimagine many of the core processes that drive their businesses today. We call this business Applied Intelligence. And what fuels it really is the fact that we have 19,500 people focused on Applied Intelligence today, including 6,000 of them that are really deep in artificial intelligence technologies and data science. And the talent mix goes across our mix, which is consulting, engineering, data science and we've been able to attract many PhDs and researchers to leverage our IP, which today consists of about 900 patents in the place, and which helped us build 250 apps and solutions that I'll talk about shortly.

We've been recognized really over the last couple of years as a market leader in this space by the industry analyst community, by Gartner and others, for our completeness of our vision, as well as the differentiation that we have been able to bring with scale in data and analytics.

So, you've all heard the hype around artificial intelligence, but what we see when we engage with our clients is a real hunger to apply these new capabilities to be more competitive, either to open new markets, create new revenue streams or build new business models and do all this with scale across the globe.

So, I'm going to bring this to life by bucketing it in three big areas and giving you some client examples. The first area, of course, is deeper insights to drive and define new strategies. You're all aware of how competitive the retail marketplace is today. And in this very competitive environment, we're helping retailers understand what drives traffic to their various channels, whether it's the store, online or mobile. And the way we do this is by integrating to the dozens of internal and external data sources, whether it's SKU data, geo location data, web browsing data, etc., to be able to leverage machine learning to truly understand what's driving the patterns of traffic and help our clients and define strategies that will allow them to attract traffic in an extremely targeted manner.

The second area is to create more effective and targeted outcomes for our clients. So, today, the ability to understand individual preferences and behaviors is allowing businesses to move from looking at markets of millions, to looking at a million markets of one, right, to be able to get to the real individual or the patient.

And this opportunity for us crosses across Healthcare, Retail, Banking and many other consumer-facing businesses. For example, our data science team helped an online insurance client reduce churn and improve profitable growth by building an algorithm that predicted the customer lifetime value of all their current clients, as well as every potential client in their target market. After figuring out the customer lifetime value, we matched each customer with the right promotion and the right offer to attract the customer, as well as drive profitable growth.

The final, but probably the largest area is going to be providing process efficiencies at scale through artificial intelligence. And this is best brought to life by one of my favorite examples, which is where we implemented an Intelligent Anti-Money Laundering and Know Your Customer solution that leverages a combination of technologies, which is what Applied Intelligence is about, robotic process automation, artificial intelligence, and analytics as a service to help this bank increase compliance while reducing operating costs. And it helped fundamentally in two ways. It reduced costs. We took out \$230 million of cost over a couple of years. But, most importantly, reduced the false positives by about 60% which really reduces human intervention, scales the process, makes it more reliable and we really helped the bank hit both their cost structure, as well as improved compliance globally for them.

So, with these examples, I want to talk about what makes us different and how we built our strategy. And we built it on three planks, solutions, talent and platforms.

As I said before, we really understand the application – where the application of AI can make a difference and have built what we call “Intelligent Industry and Functional Solutions” partnering with our OGs, our operating groups, as well as industries and figured that out. And what we've

done is build a set of cloud-based apps, algorithms and data models that all come together, say in healthcare or in retail and we call this our Intelligent Industry Solutions. They essentially embed our IP and allow us to focus on accelerating client value.

The second and the one that I'm most proud of is our talent. Today, we have over 3,000 data scientists that are deeply versed and constantly updating their skills in machine learning and AI and, most importantly, they are organized by global centers of excellence in major application areas across our functions and industries.

And finally, we have invested in what we call the Accenture Insights Platform, which is a cloud-based platform that embeds our IP in those apps and intelligent solutions. Now, what the platform essentially does is it takes care of the heavy lifting, data ingestion, making sure the data is in the right way, applying machine learning, creating the visualization, creating workflows for apps, etc., so we can get to client outcomes faster and we can accelerate. AIP is our acceleration engine and allows us to scale as you can imagine.

So, we take all this and just as Brian pointed out, we scale through Accenture's industry and geographic footprint. We have these intelligent solutions and apps, we organize our talent with our 5 operating groups and we have Applied intelligence teams today in 34 countries. I believe we are unique in our depth and scale that creates value for our clients. And, frankly, there's no better way to bring this to life than to hear from our chief data scientist, Dr. Athina Kanioura, who's going to roll on the video.

#### [ACCENTURE APPLIED INTELLIGENCE VIDEO](#)

So, I think Athina does a great job of bringing to life how we bring platforms, our industry in-depth knowledge and, most importantly, the talent that she stands for to bring this to life and build a new business called Accenture Applied Intelligence.

So, thank you, Omar, back to you.

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#### **OMAR ABBOSH – Chief Strategy Officer**

Narendra, thank you. So, it doesn't take tons of imagination to see that bringing the power of data analytics and AI into our clients to help them apply intelligence to transform all their business processes is a massive market opportunity for us.

So, next up and last but certainly not least is Kelly Bissell. It has been a very big pleasure for me personally to work with Kelly on helping build up our Accenture Security business. Kelly is highly knowledgeable, highly regarded in the industry itself, but more than that, Kelly is someone who cares passionately about really helping clients take on and solve cybersecurity risks. In other words, he's genuinely making a difference in helping the way the world works and lives. Kelly, over to you.

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**KELLY BISSELL – Accenture Security Lead**

Thanks, Omar. Thank you. A little bit more than two years ago, we made Security a strategic priority for the firm. And I'll tell you, this is why. As we help our clients move to that digital economy, it comes with those innovations, what comes with it is risk, in a different way. So, as companies move from maybe one business model that's a broadcast function and they move to interactive, it brings those technology risks.

So, let's fast-forward two years to today. We are fast approaching \$2 billion in revenue for Security and that's really incredible in that short amount of time. Not only that, we have more than 5,800 highly trained security practitioners that really help our clients be safe and secure. And we offer the full spectrum of security services.

And underpinning all that, we're growing more than 3 times the market for security. And how are we growing so fast? How are we doing this? Well, we did a little novel approach of listening to clients, understanding their problems and here's what it is. They're really tired of buying off-the-shelf products from vendors, having to cobble together multiple solutions that don't really interact and then really put Band-Aid solutions on it. So, that's in even today's environment, much less helping them move to the New.

So, what we've done is we've come together and built really three areas of focus to help us help our clients. The first thing, so we've disrupted the market by being global scale. We're not really a silo, we're not an insular group, but really embedded in everything you've heard previously, with Brian's team, when you get to leverage the great thinking out of Narendra's team. And we really work as one unified team. And that's very different from other providers in the marketplace, whether it be audit groups or boutiques that are local.

And not only do we work on a global scale, but we industrialize this problem. So, as our clients have a normal or a common 55 sort of different tool sets that they have to put together, we built a platform. We polled the key vendors in the marketplace, integrated these things together, sprinkled some really important data analytics and machine learning around it from Narendra's team and really started solving the problem better than the clients could ever do before. So that industrialization and global scale is super important.

And the second thing, not every industry is the same. The risks associated with each of these industries is different. So, here's what we've done. We've divided by industry that aligns for the rest of Accenture. So, let me give you two examples that will make this make sense. If you look at an oil and gas company, we have to really understand what happens not at just the corporate office, but what happens at the wellhead, the refinery plant, the trading system of energy and power and all the way to the gas pump.

And if you're a pharmaceutical company, the risks are totally different. It is joint ventures, drug research, clinical trials, manufacturing, distribution, all the way to the consumer. So, what we do in security is look at the entire value chain of the business. Makes sense, right? And then to understand the vulnerabilities associated with each step of the way. Now, that's why industry really is important. And let me give you an example, a client example of how this works.

So, as we help clients transform to the new, I'll give you the example of the BBC, old broadcast business and they moved to an interactive business, but with that again comes challenges. So, we build in not only all the interactive business that Brian's team and so forth talked through, but how do we make it safe, how do we make it secure. So, this is where we get to be able to enable tens of millions of concurrent users signing on securely. We get to be able to really protect the client from all these attacks that might occur and really keep the profile of the individual user safe, their preferences, their credit card data. So, this is how we enable the business to transform themselves into a new age. For me, it's pretty exciting as a security professional. So, that's the second thing in industry.

The third thing is around collective intelligence. So, it's not just the team, the 5,000 some odd security professionals working together, we don't stop there. We also team with Narendra's team to build the next generation. So, we have five labs around the world. We have Washington, D.C., Tel Aviv, Prague, Dublin and India. And this helps us really focus on the various problems that we're going to solve, not mandate, but truly solve in the marketplace for our clients.

We also team with our integration partners, our vendor partners, to create the next generation of security tools that actually work well and better. But again, we don't stop there. We also team with security thought leaders around the world, our clients, academics and others to create a forum to talk through the big problems that we have. And then how do we, Accenture, take these and innovate solutions that don't just solve one client, but markets of clients. That's what we're here for.

So, it's pretty exciting that we get to be part of this solution and leverage the great power of Accenture. I think Brian said on the shoulders of Accenture. So, this actually makes us different in the marketplace, so that CEOs, our clients can have confidence that as we move, help them move to the New, we do it safely and securely.

That's it, back to you, Omar.

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### **OMAR ABBOSH – *Chief Strategy Officer***

So there you have it. With Brian, Narendra and Kelly, we looked at three discrete growth strategies and how we line up investments against them to help us scale the New. And that's, hopefully, putting a bit of color onto some of the comments that we made earlier.

I hinted at the beginning that Paul Daugherty, our CTIO, is my blood brother in Accenture. And this guy and I, we look into trying to understand the future of technology and what it means for Accenture. And, for example, in a space like artificial intelligence, Paul wrote the book. And when I say he wrote the book, I mean he actually wrote the book and, hopefully, you all have a copy of that now.

So, Paul, why don't you come on up here. When Pierre talks about Accenture bringing biztech to help our clients, Paul brings the tech to my biz. So, two sides of the same coin. Over to you Paul.

## Anticipating the Next New

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**PAUL DAUGHERTY – *Chief Technology & Innovation Officer***

Thanks Omar. It's good to follow my virtual twin, Omar, and talk about what's coming next. That was really a great story and you can see from what Omar and the team talked about that we're clearly in a strong position to scale the New. And I'm really excited to spend a little bit of time with you talking about what's next, what's coming and what the next New looks like and I'll do that with help from a few friends.

My role as chief technology & innovation officer is to look over the horizon and look for the technologies that are going to make a difference in the future and to predict the future better and faster than anyone else can, especially our competition. And I'm responsible – in doing that, I'm responsible for directing our technology strategy, driving our technology R&D, managing our ecosystem of technology partners and then incubating the businesses that represent the new ways of growth that we expect to see in the marketplace.

So, that's what I do and if you step back though and think about it, I'd ask you to think about one thing that really you have to keep in mind when you think about the next New. And that's the fact that we're in a very different time right now. And there is no finish line for innovation. Innovation is the new normal. We live in an amazing time marked by exponential, combinatorial advances in technology, creating magical new possibilities, and the pace of change is accelerating. That's the world we live in.

What does it mean for business? What does it mean for our business? It means that you can't just innovate once and get it right. As Pierre said earlier, you can't be a fast follower, that strategy won't work. In our business, what we believe you need to do is you need to embed innovation in the culture and capability of how we operate, so that we lead in the New, we invent the future and that's really what we're setting out to do at Accenture.

And we do this at scale. It's important, you know, given that we're Accenture, we need to do this at scale. And you heard from Omar and Pierre what that means to do it at scale. And so, when you think about innovation, the next New, \$700 million invested each year in research and development. That's scale. A massive innovation portfolio represented by over 6,000 patents and patents-pending. That's real innovation at scale.

So, how do you innovate at that scale and how do you do that? And I just want to walk you through how we think about it a little bit. First, innovation may seem like magic, right. You see this innovation. It seems magical, but the process that you use to do it can't be magic, it can't be a mystery and it can't be ad hoc. You need a systematic way to drive innovation and that's what we've done at Accenture and the way we've engrained and embedded innovation into our business.

And the way we think about it, the way I think about it, I'm an engineer, so I think about formulas and I've got three parts to the formula, which may not surprise you if you follow Accenture, we have three. And I've got three parts of the formula that really allow us to innovate in the way that I'm describing and really always anticipate the next new.



The first part of the formula is the vision that we have. We have a vision of the future. We see what's going and we know where technology's headed. That's best represented in our Accenture Technology Vision that many of you get every year and we distribute widely to our clients. We also use that to predict the future for ourselves. Our vision predicts and anticipates the future of business and technology and where it's going and we're widely recognized for both the foresight and the accuracy of the vision, and this is what helps us anticipate the next new in our business. So, that's Part One.

Part Two of our formula is an industrialized approach to innovation through our Innovation Architecture that Pierre talked a bit about earlier. And let me elaborate on this because I think it's really important to have a better understanding of the Innovation Architecture. It's unique. Others don't do this and it's really hard for others to build this type of capability.

Our Innovation Architecture starts with Accenture Research, a team of over 250 researchers, top researchers in the industry driving groundbreaking, innovative thought leadership that makes a difference. An example of that is what Omar talked about, the book that we published recently called *Human + Machine, Reimagining Work in the Age of Artificial Intelligence*, representing work from Narendra's team, as well as our Accenture Researchers. A best-seller in artificial intelligence, positioning Accenture as the thought leader and shaper of AI as it applies to business. That's an example of Accenture Research thought leadership.

We have Accenture Ventures, which is our vehicle for harnessing all the emerging innovation that's out there in the ecosystem. We track and have relationships with over 3,000 start-ups that we can curate and deliver the innovation to our clients. We selectively invest strategically in some of those companies where we see an opportunity to accelerate our advantage in delivering innovation to the marketplace.

We have seven Accenture Labs around the world in all the innovation hotspots, Silicon Valley, Arlington Virginia, Sophia Antipolis in France, Dublin, Bangalore, Beijing, all the innovation hotspots, and we've got a team of researchers that does applied research and they're recognized as the leaders and luminaries in fields ranging from cybersecurity and virtual reality, to AI and robotics. And that's what our Labs does.

Then we have the Studios, Accenture Studios, which Pierre mentioned earlier. We work together with clients, over 50 studios that we have. We come together with clients to co-innovate and co-create and build with agility and speed. So, a client will come in with an idea to our studio on a Monday, work with our team and walk out days later with a minimum viable product. That's co-creation, co-innovation at speed through our studios.

And finally, we have the network of over 100 Innovation Centers, a unique network that allows us to bring all that innovation together, co-innovate with clients and really do it at our clients' doorsteps. So, that's the Innovation Architecture, which was Part Two.

Part Three of the innovation formula that's important to understand is the ecosystem. We have the most powerful ecosystem in our sector and we know how to use it for our competitive advantage and for differentiation. We're the leader and the number one provider for SAP, Oracle, Microsoft, Salesforce, Workday, IBM. For the big platform companies, Google, Amazon, the emerging leaders and unicorns, Splunk, Docker, Pivotal, who just did their IPO Friday.

Accenture's the leader with all those. But it's not enough for us and I'm not satisfied that we're number one. That's not enough and that's not what matters.

What matters is being better and faster in the New and the next New to innovate with each one of those partners and that's what we do in the ecosystem with the unique formula we have and the relationships that we have, the earlier insights into where they're going and an accelerated R&D that we do together with these partners to accelerate that innovation.

And we put that all together into commercial constructs that are unique to Accenture that are very, very hard for our competitors to match. Think about Avanade, which is a joint venture with Microsoft that's by far, far and away the leader in Microsoft services for the enterprise in the New and the next New. It's a unique JV with Microsoft.

Or think about our Amazon Web Services – or Accenture Amazon Web Services Business Group, a joint initiative, joint investment with Amazon, the number one services provider for services on the Amazon platform to enterprise clients. That's differentiated commercial value and innovation for our clients.

So, those are the three parts of the formula. We've got the vision, we see where it's going, we've got the industrialized Innovation Architecture, we can make it happen and we've got the ecosystem, so we can access innovation from everywhere.

So, if you step back and think about what that means, just to bring it home, the way I think about Accenture and the way I think you all should think about Accenture is we are the platform, the best platform for accessing the innovation, the best innovation across the tech sector. We're a platform, the best platform for enterprise tech innovation. There's no place better you can go to access the full range of everything innovative that's happening across the ecosystem, combined with deep industry insight that only Accenture can bring, combined with our own applied innovation and some of the things you've already heard about, we'll hear about through the rest of the day. That's what Accenture is, the platform for driving innovation at scale, faster, more effectively driving value better for our clients.

So, if you now want to dive into some more detail. When we think about the next New, we've got a lot of things that we're working on, ranging from advanced software engineering, all the way through quantum computing. So, I can talk about a lot of things, but we're going to really single out two areas to highlight today with some friends that will join me. And the two areas of the next New that we're going to talk about are Industry X.0 and Blockchain. So, we'll start with Industry X.0 and I'll welcome up my friend and Mr. Digital is what we know him as, Mr. Digital, Mike Sutcliff, who's the shaper, leader and Chief Executive of Accenture Digital.

And Mike will talk to us about Industry X.0, what it means to the next New and how we're positioning.

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**MIKE SUTCLIFF – *Group Chief Executive – Accenture Digital***

Thanks, Paul. I appreciate it very much. So, we formed Accenture Digital to find these new opportunities for Accenture and scale them. And you heard Brian and Narendra talk about some of the progress we've made with Accenture Interactive and our Applied Intelligence group. Now,

we're going to talk a little bit about the next part that we're focused on, Industry X.0. We think it's an exciting opportunity to grow for the future.

Industry X.0 can broadly be defined as the application of digital tools, and we've got a wide range of digital tools, to the areas of production, manufacturing, operations and the next generation of product development. We think it's an exciting opportunity because it applies across industries, across industry boundaries around the world, different markets, different geographies. They're all struggling to see this collision of information and operations technology coming together and how it's going to allow them to anticipate new ways to create experiences for their clients using products and value-added services around them.

It's an important topic for our clients. They spend a lot of money developing new products, but the product lifecycles are being compressed. Their long-held assumptions on how manufacturing and supply chain should operate globally are being disrupted as the manufacturing and the information technologies collide. And consumers have come to expect that the products will be smart. They'll be able to tune to the behaviors and the preferences of those individuals over time.

So, as you can imagine, our clients have some tough issues to face as they think about what the future might look like. So, they're asking us to help in five ways. First of all, they're asking for us to help them design products and services which allow them to create personalized experiences. It impacts how the products are designed, how they're used and how companies gather information about those products and redesign the next generation over time.

We've got an innovation that we're going to illustrate today with Faurecia, which is focused on imagining what the cockpit of the future looks like in an autonomous vehicle and how that might change in the future. You'll hear a little more about that in a couple of moments.

Secondly, clients are asking us to help them create smart connected products and the value-added services around those products that complement them. Some products are, in fact, already emerging to be sold as services and that creates a huge challenge for many of our industrial clients because now they need to form closer bonds with the end consumer and they need to understand the entire product lifecycle from initial requirements, through service delivery and continuous monitoring, how those behavioral characteristics are changing and what consumer expectations are changing and how they adapt a product over time, sometimes with just software updates.

A great example is how we're partnering with Schneider Electric at the moment, to create a digital services factory that will build and scale new services in the areas of predictive maintenance, asset monitoring and energy optimization. And that complements their physical products. By combining real-time analytics and a connected technology IoT platform, we're helping them anticipate what the customer needs might be and we're reducing the time to launch new digital services by about 80%.

Third, we're having clients who are asking us to help design intelligent and adaptive production and operations capabilities. Our clients can create new efficiencies by creating new connections between humans, machines and systems in their production environments. In fact, we can use digital twins of products and simulations of manufacturing and operations environments and we

can couple that with virtual or augmented reality to find and fix problems before a single atom is actually moved physically.

We can apply artificial intelligence at a scale that humans cannot process to optimize manufacturing in real time. These capabilities can generate substantial reductions in cost for our clients and allow them to be highly flexible and adaptive as the demands of the market continue to change.

But clients are also asking us to help them with workforce transformation. They're asking how we can help humans focus on the things that they're uniquely skilled to do. Paul's book talks about how humans and machines can come together.

Employees in manufacturing and operations can be enabled in real time with artificial intelligence systems that are designed to support their decisions and they can use conversational interfaces such as Alexa and Siri to initiate actions and they can apply extended reality technologies to change what they see and how they work.

A powerful example of this is the work that we've done with a small group at Airbus that is in the seat cabin installation process, where they've improved productivity by about 500%. What we did is we created a digitally enabled, industrial-grade smart glass solution for those workers that use as contextual-marking instructions to help them place where the cabin floor needs to have holes drilled into it, so that the seats can be installed exactly correctly. And that reduced the error rate in that process to zero and allowed them to do it incredibly quickly compared to the old processes.

And finally, clients are asking us for help in creating open ecosystems of partners, just like we think it's important for Accenture to have a powerful ecosystem, many of our clients are finding that the old days of closed proprietary manufacturing systems have fallen to the wayside. They need to have open, multi-partner systems that are collaborative and we're helping them do that.

We've got a big opportunity to develop new solutions for Industry X.0 working with those ecosystem partners. Paul mentioned that our innovation architecture produces predictable results as we partner with others in the ecosystem and we're doing that with Dassault Systems, with GE, with Siemens, Schneider Electric, SAP, Microsoft, PTC and many others. As you can imagine, it's a slight extension of our footprint as we're working with many of those industrial partners, but we're finding that there's lots of room for improvement and we're making real progress on a rapid timeline.

In addition to working with those ecosystem partners, we are using Ventures & Acquisitions as a way to grow this business. We previously acquired PLM and engineering capabilities such as PCO and PRION. We've done industrial and embedded software capabilities like with the EvoPro group. And more recently, we've announced the acquisition of Mackevision which gives us digital twin and visualization capabilities, and we made a minority investment in Upskill to help us improve the experience of workers in an Industry X.0 environment.

But clients appreciate the opportunity to see this in action. So, we've created Industry X.0 Innovation centers where we can bring this to life in 24 different innovation centers around the world. For example, we have a center focused on Industrial IoT in Garching, Germany, we're now replicating that in Detroit for our U.S. business. We've got our latest connected factory,

which is in Modena, the heart of the Italian motor industry, where we're demonstrating 3D printing in a real operational factory environment. And we're currently expanding our network with centers in Tokyo, Shanghai and Shenzhen to help support the growth in our Asia business.

Our confidence that Accenture can be a major player in this Industry X.0 space is based on the client and industry analyst feedback. The recent reports ranked Accenture as a clear leader in Industry 4.0 and in IoT solutions in the European market. In fact, we were ranked best in class in 4 out of 5 reports across Connected Products, Digital Factory, Smart Energy, Smart Retail and Smart Transport. This is a great opportunity. We see tremendous growth in front, but we know we still have lots to do.

We wanted to highlight a client example, so we've asked Mary Hamilton to take you through the work with Faurecia as they're imagining what the future might look like for one of their connected products. Let's roll the video.

### [FAURECIA INDUSTRY X.0 VIDEO](#)

So, as you can see from Mary's video, we've got a tremendous start. It always helps to get Pierre involved with clients. He's a great guy to get out there in the middle of the action. We're excited about this business. We think we've got great capabilities, a great start, a great future ahead of us and we're looking forward to it.

So, back over to you, Paul.

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### **PAUL DAUGHERTY – *Chief Technology & Innovation Officer***

Thanks, Mike. That's a really great story from Mike, and you heard from Mary as well, And I think it's evidence of that formula that I talked about earlier. You can hear it from Mike: We're shaping the market, the Industry X.0 market. We've already established a leadership position and we're well positioned with the foundation to scale our business as the market grows, so really a great story and a great example of the next New.

Now, let's move on and talk about another area of the next New that's also very important, which is blockchain. And we'll move into the blockchain market. I'd like to invite up a couple of our other leaders to join me on stage here.

We're fortunate to have two recognized innovators and leaders in the blockchain community here at Accenture and here with us today. So, let me just tell you a little bit about the two of them. Melanie Cutlan leads our blockchain operations. And what I love about Melanie is she's not just great at talking about blockchain — lots of people out there are talking about blockchain — Melanie really knows how to make blockchain work, and that's really important. Melanie is innovating in new ways to implement and operate blockchain systems at scale, which is what's going to be important and what is important in the marketplace.

And we also have David Treat joining us. David is the leader of our global Blockchain business and he's been at the heart of the blockchain ecosystem since the very start. He's the founder and co-founder of a number of the important blockchain consortium organizations, and we're

going to hear the story of blockchain from the two of them today. So, why don't you join me on stage, Melanie and David.

So, take it away Melanie and tell us about Blockchain.

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**MELANIE CUTLAN – *Accenture Blockchain Director***

Alright, thank you Paul. And as you said, I am immersed in blockchain day in and day out. And my role is to help our clients understand how blockchain will change their business models, how it will help them plan for and manage the transformations that they need to undertake.

I'll start by talking about blockchain and what it is, but first, let me just clarify: We're not talking about cryptocurrencies, but the underlying technology itself, which is blockchain. And blockchain is more generally known as a distributed ledger technology. It is a profoundly disruptive technology, and it's the foundation on which the next generation of business applications will be built.

At its most basic level, blockchain is a new database architecture. It maintains and records data in a way that allows multiple stakeholders to confidently and securely share access to the same data and information. It massively simplifies today's complicated, costly and vulnerable systems.

In 2018, blockchain is just beginning to hit its pivot, moving from proof of concepts to early stages of production in client projects. And we at Accenture are ahead of the curve and well positioned to take even more than our share of the growth as the market matures.

Like the Internet, blockchain will reshape businesses and likely disrupt entire industries as it takes hold. Today, blockchain is roughly where the Internet was in the mid-1990s.

It's difficult to estimate an early-stage market like blockchain, but our best view is that the services market is growing at a CAGR of over 71% and will reach \$11 billion by 2022. And these estimates are continually revised upwards, so you get a sense of the growth in this market.

Blockchain will add powerful new capabilities to nearly every industry, from financial services to health to transportation and logistics and beyond. It will make managing our health and well-being easier across payers and providers. Blockchain will add greater transparency, efficiency and auditability across supply chain ecosystems.

So that's what blockchain is. So, how is Accenture going to win in the market? Well, we have three things — as you'd expect — where we think we're differentiated in the market and uniquely positioned to lead in blockchain. First, we're shaping the market. We've been involved with blockchain since the beginning, and we're continuously introducing new innovations that are shaping this market. Using the Innovation Architecture that Paul talked about, we're creating and developing and scaling new innovations and inventions that'll disrupt and define this market, including introducing 35 new patents in blockchain, and through our Accenture Ventures, placing early minority investments in emerging players like Digital Asset and Ripple.

Second, we are leveraging the independent technology and our leadership position in the ecosystem. We're the only ones with that independent perspective, the relationships and the scale to combine the latest thinking, the right technologies and the right partners to really develop cutting-edge solutions with our clients.

Third, we have unparalleled industry expertise and a breadth of capabilities. Blockchain is about reinventing industries, and you need industry experience to do that. So, we're the only ones that have the industry experience, the deep knowledge of our clients' businesses and the ability to manage blockchain operations.

We're well positioned in this new and emerging area to establish a leadership position, and we're ready to bring the breadth and power of Accenture together for our clients to bring those end-to-end services that our clients need to implement blockchain across the entire enterprise. And that's required to unlock its full potential.

And with that, we'll bring up David Treat to illustrate the work we're doing with our clients.

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### **DAVID TREAT – *Accenture Blockchain Lead***

Thanks Melanie. In my role in leading Accenture's Blockchain business globally, I've been working with other innovators and leaders from the very beginning to shape this market. As Paul mentioned, one of our first steps was to set Accenture in the position of being a founding member of the Linux Hyperledger project, and later the Enterprise Ethereum Alliance, as two of the key technical consortia driving blockchain technology forward.

Melanie talked about our innovations and our investments in this space. I want to talk about how now we're going to turn that innovation into results and revenue for Accenture.

Let me start by saying there's a ton of noise and hype in this space, with daily press releases about what's going on. The opportunities for blockchain are vast, but in reality we're just at the beginning of what will be a large-scale transformation of how business ecosystems work, enabled by blockchain in combination with other technologies.

I'm going to go back to three. So, we are strategically focused on three key areas where we see immediate opportunity and the most value in the near term. We're going to use these three areas as a stronghold from which then we're going to expand our business. So, those three areas are: financial services infrastructure; supply chain; and identity. Let me walk through each one of those.

So, in financial services infrastructure, we're focused on capital markets, payments and insurance, where each day, trillions of dollars' worth of transactions take place across the globe. And while the products, the financial instruments, have gotten much more sophisticated, the way we settle them hasn't really changed; we still have to message information back and forth, reconcile and confirm to be able to complete any transaction.

And it's that change that is so central to what blockchain is. A great example of this is work that we're doing with the Monetary Authority of Singapore and the Association of Banks of

Singapore to help in their journey to modernize the Singapore Financial Center. Let's roll a quick video to see the opportunity here.

### [SINGAPORE BLOCKCHAIN VIDEO](#)

This was an amazing experience and a great piece of work. One of the takeaways from it is that collaboration across an ecosystem — including regulators, banks and other participants — is key to what blockchain is all about, and it's happening now.

Our second area of focus is supply chain in all forms, physical and digital. We made a recent announcement with AB InBev, Accenture, and several other organizations, a consortium that has successfully tested a blockchain prototype that can eliminate the need for printed shipping documents and save the freight & logistics industry hundreds of millions of dollars annually.

Our third area of focus is digital identity. We are very proud to have been the founding member of a groundbreaking public/private partnership called ID2020. In this organization now with us are various United Nations NGOs, as well as key partners like Microsoft, where we together are focused on: How do we deliver effective digital identity to the more than one billion people in this world who don't have any and who are effectively, therefore, excluded from modern society? This will be a lifechanging step forward.

We're taking those capabilities and we're also applying it with our client base to focus on anti-money laundering, Know Your Customer, GDPR 'right to be forgotten' regulations, and issues associated with identity theft, tax fraud, and traditional client relationship management challenges.

So, in summary, we believe that we are very well positioned to capitalize on the next New in blockchain. We're shaping the market. We're focused on key areas that will drive revenue. And most importantly, blockchain's all about what Accenture does best. It requires the combination of deep industry, technology and ecosystem capabilities to do it right.

I have an amazing team. We're fired up to be the best of the next New. Paul, back to you.

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**PAUL DAUGHERTY – *Chief Technology & Innovation Officer***

Fantastic. That's a great story. Thanks David.

So, what you heard from David and Melanie I think is another great story. I mean simply put, blockchain is the future of business and technology architecture, and you can see we're already there with the next New today, shaping and leading in that market. And you've got a glimpse of where that's going and why that's important in the future.

Now, I can stand up here and talk for a lot longer and the rest of the day about all the other areas of the next New we're working on, but I'm going to get the hook soon. So, I'll just wrap up and really give you a few points to summarize across everything that I just talked about and the team talked about here.



And the first is, I'd ask you take away this view that innovation is the new normal. There's no finish line. You can't be a fast follower. You have to continually innovate. That's the name of the game today in business.

The second point is, we've got a point of view, we've got a vision. We see the future, we can see the future, and we're anticipating the next New and making the right bets and investments today.

And the third point is we've got an industrialized view on innovation, on how to make this real, which is very hard to replicate. We know how to turn ideas to innovation and turn research into revenues, which is, at the end of the day, what matters.

So, this is an exciting time. There's never been a more exciting time in technology, with all the amazing possibilities. And if you look at Accenture and how we're positioned, we're in a fantastic position to continue to lead and capitalize on everything that's happening around the next New.

So, that's the story on the next New. Now, the next thing that's important that we need to talk about is how do we deploy the New? How do take all this and deploy it to our industries, leveraging technology and talent in our geographies and all the other parts of Accenture. So, to take us into that next part of the agenda, I'm pleased to welcome my friend, Sander van 't Noordende, who's going to join us; the chief executive of Products and also fellow New Yorker, although I'd say you have more of a New Amsterdam accent.

## Deploying the New

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### **SANDER VAN 'T NOORDEDE – *Group Chief Executive – Products***

Thank you very much Paul. And Paul and I are buddies on the Avanade Board, so, we know each other very well. We get to spend a lot of time in Seattle.

Let me get something out of the way first. I really had no dilemma being here today. First of all, I'm Dutch, so I was not even invited to the State Dinner. Secondly, Pierre told me to be here. Thirdly, I live about five blocks away from here, so it was also clear from that perspective I was not going to get away with a video. So, now that I'm here, let's make the best of it.

I mean you've heard Omar and team talk about how we lead to scale, how we invest to lead and scale in the New. You've heard Paul and team talk about how we anticipate the next New. Our role in Products, and I'm heading up Products, is to work with our clients to transform at scale, to deploy at scale all the good stuff that Accenture has to offer.

And in Products, we look after 5 industries. We look after Consumer Goods, Retail, Travel, Life Sciences and Industrial. And I must say, at \$10 billion revenues probably this year and the [more than 10%] [corrected] CAGR over the past 4 years, it's been a pretty good ride. So, some of you have asked me, "So Sander, what's the secret formula there? What are you guys doing?"

And it's really actually quite straight-forward what we are doing. Because, first of all, we start with a clear vision inspired by Pierre and the strategy of Accenture, and that is we create the New with our clients and their customers in an increasingly digital world — customers be they consumers, shoppers, patients, travelers, drivers, all of them.

And from there, then it's clear, if you want to create the New, you always have to lead with innovation. Lead with innovation and transform from there — again, at scale — to have the maximum impact on our clients' business.

Then we have a relentless client focus. In Products today, we have 46 Diamond clients, and each of those Diamond clients has a dedicated client account leader. And this is a very senior leader in Accenture who wakes up every morning just thinking about that client — about the clients' industry, about the clients' agenda, about how am I going to build relationships with the client and, of course, how am I — or how are we, as Accenture — going to make sure the client is going to get the best of Accenture, again, for maximum impact at scale.

Then third, we have to be relevant. We have to be super relevant, I would almost say. And in Products, it's really about four things these days, and the good thing about Products is that these four things, they work together in a very nice way; they reinforce each other. And the first one really is our clients want to engage — again, with their consumer, patient, shopper, traveler — in a more inspiring, digital, personalized way. And here, for instance, we're working with Carnival Cruises to create a totally new and different frictionless and personalized client experience on board of their ships.

Second, if our clients have physical products, they want to make those products smarter, they want to make those products connected, and they want to sell them as a service, and they want to reduce their time to market. And as you've heard from Mike Sutcliff, that's what we call Industry X.0.

Third, to afford investments in those two main areas — the consumer engagement and the product — they need the money. And the money is coming from running their business in the most efficient way possible. That is all about cost reduction, zero-based budgeting, it's about shared services in HR, procurement, finance. It's about supply chain optimization. And Campbell's Soup is just one of the many companies that we have helped saved hundreds of millions to either bring to the bottom line — that's generally what you guys like — but what we like is to reinvest in digital capabilities.

And then last but not least, to enable all that, our clients need smart and agile technologies. And for us in Products that's very much about the platforms — SAP, Oracle, Microsoft, Salesforce — sometimes in combination with more bespoke architectures connecting to mega platforms or industry platforms. For instance, with Roche, we're helping them to bring a totally new set of digital health services to their diabetes patients, leveraging a platform that connects patients, nurses, doctors, clinics and hospitals.

So, in summary: a very clear vision, a relentless focus on industry and client. And last but not least, I would say super, super relevance. That's the ingredients that we need to be successful.

And there's no company I would say better positioned with those ingredients to be successful in the marketplace. But — there is a "but" here, and you might think, "Well, what's the but?" We, in

Products, can only do this with the help of others. So, that's why I'm pleased to introduce a few colleagues on the stage. And let's start with Elynn Shook, our Chief HR & Leadership Officer. She takes care of the diverse and deep talent that we have onboard and that they can be their best every day. Bhaskar Ghosh, who leads the most innovative tech organization in the world. And, of course, Julie Sweet, our North America CEO, who brings it all together here in North America, which is our largest geographic market. Welcome.

Bhaskar, let's start with you.

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**BHASKAR GHOSH – *Group Chief Executive – Accenture Technology Services***

Thank you Sander. Let me start with I'm delighted to be here. I cannot say like Sander that I just live five blocks away. I live in Bangalore. I have traveled 5,000 miles, so I have to be delighted.

So our Technology business is on a transformation journey. Two years back, at this same gathering, we talked about our formidable delivery capability powered by our Global Delivery Network that spans across 50+ delivery centers, servicing clients across 120 countries, with 200,000+ highly skilled professionals.

This capability was underpinned by skill, scale, depth and breadth of services, delivery quality, and top talent. In the last two years, we have further built on this and transformed our Global Delivery Center Network for Technologies to Advanced Technology Centers, where "Advanced" stands for innovation, intelligence, industries, New IT and new technology skills. And my job is to lead and transform our Technology business, which includes application services and platforms. And we do that by continuously innovating the core and growing in the New. So, let me share some of our priorities and focus areas.

Number one: Intelligent automation. We are extremely proud of our enterprise automation platform, myWizard. This cloud-based AI-powered platform is now implemented in more than 3,700 client engagements across the globe. This is driving phenomenal productivity, improving quality and delivering speed to market. The Virtual Project Manager in this myWizard platform is now trained with 12,000 past projects of Accenture across all technologies. And this virtual project manager is now helping our human project managers, working with them side-by-side as a virtual co-worker and helping them to make the better decisions every day. This is reducing cost, improving quality, increasing predictability and improving productivity.

Number two: Industry focus. You know, we have around 150 studios and innovation hubs, as Paul talked about earlier. So we continuously co-innovate with our clients in these studios and create industry-leading technology solutions. We have recently opened an innovation hub in Bangalore, where we have 4,000+ professionals who work across Research, Lab, Studios and platform. And they continuously integrate the new technologies across 40+ industries and create replicable industry-leading solutions.

The next, I'll talk about our focus on New IT and new technology skills. We are ensuring that our 200,000 people are going to stay relevant, stay ahead of the curve and bring the New in the organization. We have anticipated the change and started our talent transformation journey, underpinned by re-skilling, new skilling and cross-skilling our people. We have built a world-

class digital learning platform. And we have trained 165,000 people in the new technologies in just the last 20 months. And Ellyn will talk more about our talent transformation strategy later.

In the beginning of this fiscal year, we launched Intelligent Platform Services to further accelerate our platform business, which includes primarily SAP, Oracle, Microsoft and Salesforce.

The last few years, our growth has been primarily driven by the New. And in the context of Technology, it is really custom development of various types. And now all the ERP platforms are rotating to the New. They're adopting digital, like Leonardo for SAP. And our Intelligent Platform Services brings our innovation, intelligence and industry knowledge together and helps clients to adopt digital ERP.

Our platform business, as I said — which is mainly SAP, or our work related to SAP, Oracle, Microsoft, Salesforce and Workday — is around 40% of our revenue. And this business is growing double-digit. All the industry analysts recognize us as the clear leader in all of these platforms.

But we are not standing still. We are aggressively investing in assets and talent related to platform. To extend our lead further in the New, we are continuously co-innovating with our ecosystem partners and our clients in the New in the technologies like Einstein for Salesforce or Leonardo for SAP.

Just last week we have launched a new platform, Accenture Intelligent Enterprise Platform, to help companies to use advanced technologies to fast-track their transformation. This end-to-end digital platform combines Accenture's industry knowledge, our technology and tools and SAP Model Company and creates new opportunity to drive transformation.

And in closing, I feel absolutely confident that we are strongly positioned to lead in the New with the power of innovation, intelligence, industry, New IT and new technology skills.

And as our numbers show, we continue to lead in all of the leading and emerging platforms in the coming days. Thank you.

I will hand over to Ellyn Shook, my colleague and friend, and she will talk about talent-led innovation. Thank you.

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**ELLYN SHOOK – *Chief Leadership & Human Resources Officer***

You can guess how Bhaskar and I are probably very good friends and very connected at the hip. But as Chief Leadership & Human Resources Officer, I am accountable for discovering and hiring the best and most relevant talent in every dimension of our business.

And believe it or not, I'm laser focused on three priorities: building specialization at scale; attracting and growing the best leaders; and being the steward for our unique and differentiated culture of cultures.

So, how do we really build deep specialization at scale? Well, you've heard from my colleagues this morning about all the different types of talents we need in the New and the next New. That is why we're hiring 100,000 people around the globe this year. But it's also essential that our people remain relevant — or super relevant, as Sander said. And to do that, we have an innovative learning approach called Accenture Connected Learning. We've completely abandoned the "one size fits all" curriculum-driven learning and moved to "learning of 1." All of the content is enabled real-time and on-demand and available to all of our people. We've built it using the latest neuroscience research to enable exactly what Bhaskar was talking about: deep learning at massive scale.

And let me just give you one stat: 50 million. In the past 20 months, our people have completed 50 million self-directed learning opportunities. And what I hope that demonstrates is not just access to world-class content, but the intellectual curiosity of our people in their quest to stay relevant to our clients.

We also have a sophisticated career-development approach, called Performance Achievement. We provide all of our people real-time, on-demand feedback that helps them unlock their potential, but also build their deep specialization.

Next is leadership, leading our 442,000 people. We've recently redefined our leadership DNA and we use it to assess our leaders, but also to develop our leaders. We use it to guide our leadership appointments and create our succession plans. And we build the leadership DNA at all levels of Accenture, starting with the 7,000 managing directors.

We've created immersive learning opportunities for them, to accelerate innovation and specialization at a rate faster than the world is changing around us. And in order to keep our leadership vibrant, we invest heavily in our pipelines, both internally and externally. And I'm extraordinarily proud to say that we have promoted 700 managing directors this year; 32% are women. We've also hired 300 managing directors from outside of Accenture, further demonstrating our ability to attract top talent.

But last, and perhaps most importantly, is culture. In over the past decade, we've transformed our business and our culture to be innovation-led. We have diverse talent profiles, diverse people, and over 90 acquisitions that have formed our culture of cultures. And it is a true strategic differentiator for us. But you know what, it doesn't just happen. We've had to be extraordinarily intentional about creating the environment where our behaviors and beliefs, the way we grow responsible leaders, and the way we do business every single day, comes to life.

And it's rich and vibrant, but we also have common threads that unite us all. They are our enduring Core Values, our Code of Business Ethics, and our unwavering belief in inclusion and diversity, because it is our diversity that makes smarter and more innovative. And we've built our whole culture based on an aspiration to be the most truly human company in the digital age, to help our people be successful, both professionally and personally. Because in the end, we are an innovation-led business and we must be the magnet for the best talent in order to live our purpose of improving the way the world works and lives. Thank you.

And I'll now hand it over to my colleague and my friend, Julie Sweet, chief executive of North America, who will take all of what you heard today and talk about how we bring it to life in the geographic dimension of our market. Thank you, Julie.

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**JULIE SWEET – Chief Executive Officer – North America**

So, there isn't a senior leader at Accenture who is not very closely connected to Ellyn, because of the absolute critical importance of our people and our culture of cultures to our success. So, we're very fortunate to have just an incredible leader.

So, as the CEO of North America, I lead our largest market, the U.S. and Canada, which drives nearly 50% of our global revenues. And together with my outstanding leadership team and our over 50,000 incredibly skilled and talented people, my job is to bring the best of Accenture across our businesses and industries to our clients every minute of every day. And our numbers clearly demonstrate that we are leading in one of the world's most competitive markets.

Over the last three fiscal years, our compound annual growth rate has been 8%, growing faster than the market and taking share. We are ranked number 1 overall in market share and have been for the last two years. And we are leading in the New. For example, *Ad Age* named Accenture Interactive the largest digital agency in the U.S. and world. And according to our industry analysts, our clients believe that Accenture is the strongest firm to provide advice and strategy about the adoption of artificial intelligence and big data solutions.

And to stay ahead of the market, we are investing to bring innovation to the doorsteps of our clients. We are building an innovation network across all the major markets in North America. Today, we have 7 innovation hubs, 9 Fjord design studios and 7 advanced technology centers.

So, let's take a closer look at our innovation hubs. Today they're in Boston, Chicago, Columbus, Houston, New York, San Francisco and Washington, D.C. By the end of the year, we'll have opened in Atlanta, Detroit — that's the Industry X.0 center that Mike mentioned — and also Toronto. Each of these hubs is connected to the over 100 innovation locations around the globe, and this is how we seamlessly bring the best of our global investments and insights to our clients here on the ground in North America.

These hubs also bring the industrialized approach to innovation that Paul described, with the specialized needs of the market. So, in Houston, our hub is all about resources industries and Industry X.0. In New York, it's customer experience across industries and the latest in financial services. And in Washington D.C., we are immersing our clients in cyber defense and inventing the government of the future.

So, why is this network and our relentless focus on innovation so important? Well, as Paul said, innovation has no finish line. So, what we're seeing in the market is that companies are looking for partners who can help them continuously innovate. And this means we must work with our clients differently and locally, whether in our hubs or their offices.

So, in Washington D.C. last summer, working with Marriott and the start-up incubator 1776, we created the Travel Experience Incubator, which issued a challenge to the start-up community to co-create unique and inventive travel experiences with Marriott and Accenture. And just this week, Marriott announced a new pilot with them entering the home sharing market with a startup that was identified out of the Travel Experience Incubator.

And in Burbank, we're working with Walt Disney Studios — as the founding member and innovation partner to StudioLABs, a new R&D initiative and a physical lab on the lot of Disney's studios — to create the new movie experience, the new experience of how movies are made and experienced in the future.

Now let me close by going back to what Pierre said. The true test of our relevance, differentiation and competitiveness is our growing roster of Diamond clients. And in North America over the last three fiscal years, we've gone from 66 Diamonds to 83 Diamonds, and they include some of the most important and leading companies in the world: Walt Disney, Marriott and companies like Anthem, DowDuPont, Morgan Stanley and Pfizer. And our portfolio of Diamonds is balanced, with Diamonds in every one of our 13 industry groups. Now perhaps most important, however, with the increase in Diamonds, is that this represents that we are helping our clients succeed, and it is that success that is our motivation. So with that, I'll hand this over to Sander to land the plane.

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**SANDER VAN 'T NOORDENDE – *Group Chief Executive – Products***

Thank you very much Julie, and thank you very much all three of you; wonderful, wonderful job.

I believe we've sort of given you some insights in how we deploy at scale in Accenture. First, we have the operating groups — and it's good to see Bob Sell here, my CMT colleague — who have relentless industry and client focus and whose role it is to bring the best of Accenture to our clients day in day out.

But as I said, in the operating groups, we would be nowhere if we wouldn't have the help of a few friends: delivery at scale, of course — Bhaskar and the Technology organization — but also Debbie with Operations, Mike Sutcliff with the Digital organization, and Kelly with Security. We bring those guys in to deliver at scale. Of course, Ellyn and her organization to make sure we have the right people on board, in the right diversity, deeply skilled, but maybe most importantly in an environment helping us to create an environment in which all those people can bring their best to work every day, day in day out, to have maximum impact on our clients.

And then last but not least, of course, Julie and the other geographic leaders in Accenture who play a pivotal role in terms of connecting to the local markets and in terms of bringing the best of Accenture to the local market for maximum relevance and impact at scale in the local market.

So, thank you again team. And, Pierre, I think it's back to you.

## **Q&A**

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**PIERRE NANTERME – *Chairman & CEO***

All right, I guess we have time for a few questions. I think, I hope you enjoy hearing from the leadership team, what's going on at Accenture, how we are executing our strategy, leading in the New, innovating in what's going to come next, and how we deploy across our industries and

our different geographies, and how we are bringing as well our talent to the top level. I was very impressed, I mean personally with the – I'm always impressed with our leadership. I'm going to give you the latest anecdote because I just received a few minutes ago something very special, so I can share with all of you privately. Don't tell anyone outside this group, but yesterday Julie represented us and Accenture at the State Dinner, at the White House, where Donald Trump welcomed Emmanuel Macron, our French president, and she met with I think the Ministry of Education as well as with our president.

I just received an SMS; "It was sad you were not with us, but we were so pleased to meet with your fantastic North America lead." So, I guess now they prefer Julie than me. I don't know how exactly I need to take that, but I mean this is another illustration of the role of Accenture being embedded in the communities, to be serious again. It is something we didn't really cover today, but we have a profound impact in our business communities, being part of the fabric of many geographies, but as well, all what we are doing through our corporate citizenship group, supporting our communities in many, many activities.

So, let's open for a few questions. Let's start.

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**DAVID TOGUT – *Evercore***

Thank you, David Togut with Evercore ISI. You've stated that the New will generate 20 billion of revenue this year, just over 60% of the total, and that grew 30% in FY17. Bhaskar talked about what he was doing to reskill his employee base and using tools like Accenture myWizard and automation. Can you talk about what you're doing, maybe unpack the strategy to reduce the cost to serve in the core of the business that isn't growing currently?

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**PIERRE NANTERME – *Chairman & CEO***

Yes, absolutely. Excellent question, indeed, because I mean we put maximum focus in the heart of our strategy which is about rotating to the New. Then the question is, "What do you do with the core?" And, again, I mean our point was not to play defense on the core, but to play the offense or the attack on the core. And especially with Bhaskar looking at — and Debbie as well and all the others — on what it is we're going to do to prevent the commoditization of our core activities. And to prevent the commoditization of the core activities, we decided to go big on robotics and automation, big, and retraining our people. But especially in our delivery centers across the board, including in our BPO business and including in our Technology business, we invested a lot in significantly improving the productivity of the core through robotics and automation. So we want to remain competitive. We don't exit the core. We want to be less dependent on services that would be subject to commoditization. I mean commoditization is a disease. It's the kind of thing we all want to prevent Accenture from being in.

So, to avoid commoditization, you need to modernize the core and invest, robotic automation, all the nanobots we talked about in the BPO, putting the virtual agent in the code. I mean, next time Debbie will be center stage to present how we reinvent Accenture Operations, because we are doing great things around Operations. But we are very active with the core and we are very competitive with the core as well.



We have one question from the front row and then the second row.

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**HARSHITA RAWAT – *Bernstein***

Hi, thank you for taking my question. This is Harshita Rawat from Bernstein. Can you perhaps talk about where are we in the maturity curve for digital? Are we finally at a point where you're taking share from outside of the CIO budget from other areas, such as a CMO budget at scale? And at what point the New sort of becomes the baseline for IT services?

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**PIERRE NANTERME – *Chairman & CEO***

Yeah, I mean again, excellent question because it's giving me the opportunity indeed to cover something we maybe didn't bring to life this morning. At Accenture, we were very famous in the past for what I would call enterprise management through the ERP and technology — enterprise and technology — and addressing this budget. Now, if you want to grow and you're seeing that these budgets are sometimes flattish or might move at, you know, you might not expect a lot from these budgets. So, at the heart of our strategy of rotating to the New was the opportunity for Accenture to extend our relevance to other budgets, if you will. So, if you take, we were quite operating at the center of the organization — enterprise management, ERP, technology. Then we decided to move to the frontline and to the front end of the organization — all what you heard, especially with Brian — and what we are doing with Accenture Interactive was our weapon, if you will, to be relevant to the front and addressing marketing spent and especially working with the CMOs. So, again, we moved to the front.

On the other end — and you heard that from Mike Sutcliff around Industry X.0 — is the opportunity for us to move in what we're calling the operation in the field, at the factory level, at the supply chain level. And, again, we extend our reach to new budgets which are more the industrial budget, operating budget, we were not addressing before to that scale. And so, now we're making Accenture not only relevant in the new services, not only competitive at the core, but having significantly expanded our reach to the front and to the operations while staying a leader in what we've been doing. And to the question, "Where are you finding growth?" We are finding growth by continuing getting market share in the core. But as well, the expansion to new areas has been a significant source of growth for Accenture. Certainly Interactive, you see in leading in the New, and we're putting massive expectations on Mike, big expectations on Mike, on Industry X.0 to have the same success — even surpass the success, if possible — of Accenture Interactive.

Now, in terms of the maturity curve, to some extent — and I will paraphrase my friend Omar — we need to talk about maturity curves, because there are many waves and they are at different points of maturity. So, some of these digital services are at some level of maturity. Certainly, what we are doing with Accenture Interactive, when you look at content management or in some website experience development, or ecommerce, probably there's still a lot to be invented, but it's starting to be, right Brian, reasonably high on the maturity curve, but you need to continue to innovate.

On the other side of the spectrum, if you take what Paul has been telling us, blockchain is pretty low on the maturity curve and it's more nascent. Even if we believe it's maybe not that far from

prime time — especially if I believe my friend David, who's chasing me to get big money to go prime on blockchain. I ask him to be a bit patient, maybe a couple of months, but he is relentlessly pushing blockchain, but blockchain is more you see at the beginning of the curve. And some would be probably in between, maybe artificial intelligence, if you look at this with Narendra, we would probably be in between because some of this technology is already maturing and you can operate at clients at some scale. But, again, you have a next generation of artificial intelligence, tools and techniques.

And the same in security. If you look at the shop of Kelly Bissell. I mean there are really two activities which I think on security are going to be fundamental. It's identity management and cyber threat response management. On identity management, again, we are probably quite not at the beginning of the curve, but all the innovation around biometrics and you have a certain innovation that's going to clearly create a new revolution in the way you do identity management. And needless to say, that security and digital trust through security are going to be extraordinarily important.

In term of cyber threat response, we are quite at the beginning. We made the acquisition a few years ago of FusionX — right Kelly? — specialized in replicating cyber attacks and testing your defense. And by the way, we're using FusionX to test our own defense.

So, we're playing with all these maturity curves and it's clearly the job of Paul and Omar — or Omar and Paul; I mean the virtual twins — to understand where we are. And then it's our job, especially David and I and others, to understand where we go live and we create a business at scale, where we are still in the incubating mode, what we're doing with immersive reality, blockchain and quantum computing. And when we're going to be ready for prime time, we'll go and invest. Is that answering your question?

We had two questions on the second row, and I'm going to try to make sure to short answers.

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**ASHWIN SHIRVAIKAR – *Citi***

So, Ashwin Shirvaikar from Citi, good presentation. So, when I look at the 90 acquisitions — and really not really any blowups, so making acquisitions has become a core competency and I can hear in Paul's statement that innovation is not an end point, it's continuous. Should we continue to expect not only the base of acquisitions, but as you get bigger, should we expect bigger acquisitions? And if so, how do you maintain the culture of the company?

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**PIERRE NANTERME – *Chairman & CEO***

Yes, should you expect that we will continue with our acquisition agenda? Yes, but we will continue with the same philosophy. I think it's been very clear what has been said: We are not making acquisitions to buy revenues, not at all. We are making acquisitions to acquire unique capabilities, unique capabilities. This is exactly what we did across the patch and that's why we're very clear. It's not about revenue, it's about capabilities.

All our acquisitions have been small to mid-size. We are extremely thoughtful on what could be our largest acquisition. My friend, David, will keep me absolutely honest on this because — and

I'm not mentioning the very large acquisitions. You know that in our industry very large acquisitions have not been successful. I mean zero have been successful. So, I mean the probabilities are very telling. So, now we're looking at some small to mid-size acquisition with deep capabilities. Yes, of course, we're going to look at it. So, we'll continue with space. Now, as you've seen in '18, and I said we said that in our Q2, our pace of acquisition will be a bit slower because we needed to absorb the one we made in '17. And, again, we don't want to make acquisitions for the sake of it. The point is to find the right nuggets, and if we can't find the right nuggets that are going fit our purpose, we're not going to make an acquisition for the sake of just spending the capital.

So, yes, we will continue in a way which is going to be very thoughtful. Certainly, we're looking more in the artificial intelligence, blockchain, in the new New. This is where we would look at and see whether there are opportunities to scale. You know the philosophy behind the acquisition is very clear: It's to have capabilities in the New or is to scale something we have to take the number one position. So, that's what we do.

Maybe another one before we go to break?

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**KEITH BACHMAN – *BMO Markets***

Thank you, Pierre. It's Keith Bachman. I think since Ashwin and I are sitting next to each other we have similar questions. But my question is on culture and then attrition. And I was struck by the information you gave, 7,000 MDs, and I think you said 1,000 from the outside. So, presumably that's M&A and hiring. And clients like to hire Accenture because of the consistent quality experience. Investors, indeed, like to invest in Accenture because of the consistency of results. So, with that amount of inflow, if you will, of new people, how do you ensure the culture? And then, the second part of the question, is when you think about the 90 acquisitions, what has been the attrition rate for that group of individuals relative to Accenture's total?

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**PIERRE NANTERME – *Chairman & CEO***

So, I'm going to start with the last one, very low. Right, Ellyn? I mean the attrition on acquisitions has been very low. Now, I'm going to point to the first part because you have the same question around the culture and so forth. Ellyn, we need to be short, but I'm passionate about this. And I think they've been — I'm passionate about many things, but on this one, I'm passionate and I have a point of view, which is, because then you're passionate, but you don't have any point of view, which is pretty useless.

Now, the point of view is, there have been probably in the past some confusion between culture and values. And when companies say, you know, they've been the wave of the one, the one Accenture, the one XYZ, the one culture — terribly wrong. I think, indeed, the way we are looking at it is we are segregating values. I mean the values for me are the kind of the — I mean is the set of principles where you're not — where you will never compromise on. And that should be quite universal. So, indeed, our values are global, are the set of principles which are the intangibles you will never compromise. You know, inclusion and diversity, respect for individual, ethics, compliance — you know, our set of principles.

Culture is very different. Culture is what's making a group or subgroup unique. So, of course, there are going to be multiple cultures in the world, starting from a geographic standpoint. You know, France is very different from the culture in New Jersey, right, Bob? Very. And however — I like Bob — but it's different. So, on culture that's why we developed this concept of culture of cultures. So, we have a set of values which absolutely are intangible.

And then you have the culture of cultures to accommodate the groups coming in. This is what we did with Fjord. When you mention Fjord, very different, designers — and not only we have kept their culture, we have kept their way of working, they have all developed a kind of way of walking around the kitchen. I mean this is where they are creating, so we are giving them a kitchen, so they can walk around, and they have their own style and their own culture, and we kept the name, in the case of Fjord.

So, this is our philosophy, and it's been working for us very well. So, we're moving very far from what has been created maybe 20 years ago around this concept of one, which we believe at Accenture is profoundly wrong.

Maybe the last one, right, Angie, the last one? We will have another session, so, we'll answer all the questions, all, all of them.

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**BRIAN ESSEX – *Morgan Stanley***

Hi, it's Brian Essex from Morgan Stanley. So, thank you for squeezing me in. So, even if I indirectly put Ellyn on the spot to follow-up to that last topic. So, I have three things.

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**PIERRE NANTERME – *Chairman & CEO***

You could work at Accenture.

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**BRIAN ESSEX – *Morgan Stanley***

Okay, maybe as you build out your global delivery workforce, what are the key challenges that you face in kind of, you know, maintaining improving revenue per head, cost per head? What are the key KPIs that you focus on? And maybe the softball part of it is, you know, I guess maybe you addressed it a little bit, but advantages of being at Accenture as you're pursue those efforts?

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**PIERRE NANTERME – *Chairman & CEO***

Yeah, maybe in just two minutes, could you talk about the Power of Three, David? What we're calling the Power of Three. It's another three.

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**DAVID ROWLAND – Chief Financial Officer**

So, just very briefly, this is something that we focus on, as you would imagine, quite a bit in our organization. And so, we talk about this concept of a Power of Three, which I put in front of our management team periodically. And really, the most important thing with the Power of Three is that it starts with an always-on, kind of relentless, continuous, every-hour-of-every-day focus on value- versus volume-driven growth. And so, one of the things that we're trying to engrain in the culture of our management team is that for all of the good things about our strategy, at the end of the day we want our strategy to drive value. And so, as opposed to having a business that only grows through volume — meaning we add heads, more hours, more payroll — we want a business that grows the top line more by delivering value in the form of higher revenue per head than volume alone. So, that's very much a theme in the way we manage and drive and incent and reward our leaders.

That relates to the second of the Power of Three, which then is the relationship between payroll growth and revenue growth that we manage very carefully.

And then the third element of the Power of Three is looking at the related metrics of that, which is revenue per head and payroll per head and always understanding that relationship. So, this is a very core part of how we drive our economics.

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**PIERRE NANTERME – Chairman & CEO**

We're going to be live at 11 with David and it's the webcast and so forth. So, we have a big audience. So, why don't we take a 10-minute break. I know it's a bit short, but 10 minutes, then we hear from David and then we will open it for all your questions. Thank you.

## CFO Presentation

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**PIERRE NANTERME – Chairman & CEO**

All right, thanks a lot for coming back and I welcome as well the people who will now listen to us on the webcast. So, we're going to move to the – I know many of you, of course, you love talking about the strategy, but now you would like to get the numbers and how they do align with what we discussed this morning. So, it's my pleasure, privilege to introduce David, David Rowland, our CFO. But David for me is more than a CFO, he's my conscience most of the time. He's certainly the person I'm talking with on a daily basis. He's much more than a CFO, I think I said that, I told you as well, because for a CFO to be effective, you need to be a strategist. And I think with David, we are blessed to have a leader who is strong in numbers and in strategy because at the end of the day, our Finance strategy is a key enabler of the strategy, especially when it come to investments and connecting the dots around the multiple returns we need to get right – the return to our people, the return to our shareholders as well, and the return to our clients. And so, David is keeping us honest with all of this and I'm sure, what I'm going to say

now, that David is the best CFO of our industry, and we will not trade David against anyone else in that industry. Over to you David.

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**DAVID ROWLAND – Chief Financial Officer**

All right, thank you. Appreciate it. Thank you as always. You know, just listening to Pierre make those very kind comments, I couldn't help but reflect on the fact that I think Pierre and I set a great standard for a Frenchman and an American that have just an outstanding relationship. But I just happened to turn on the news last night and in today's world, I won't tell you which news station because no matter what I say, it would offend someone. So, I turned on the generic news station and I have to say that our two presidents, I think are setting the new standard. So, we will have to raise our game.

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**PIERRE NANTERME – Chairman & CEO**

Whatever that means.

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**DAVID ROWLAND – Chief Financial Officer**

Yeah, so at any rate. So, good morning to everyone. It is always nice to see so many of you in person and we really do appreciate the time that you've invested this morning to learn more about the Accenture story.

You know, I was reflecting with several people on what you've heard so far and, of course, the feedback has really been outstanding. And I think, as the comments support, that our leadership team has really just done an outstanding job showcasing the Accenture business and really bringing to life the key elements of our strategy, our distinct position in the marketplace, our unique capabilities, all of which come together in a super powerful way to drive value for all of our stakeholders.

And, I hope as well that you felt the energy, the excitement, the optimism of our leaders, who I think share my view certainly that there's never been a better time, never been a more exciting time to be at Accenture. And I know we all feel very fortunate to be part of this organization at this time in this place.

So, for the next 15 minutes or so, what I want to do is build on what you've heard so far and to talk about how our strategy will continue to translate into an attractive value proposition for our shareholders, first by briefly reflecting on, if not even celebrating perhaps, all that we've accomplished from a value standpoint over the last 3 to 4 years. And then secondly, talking about our view of how the enduring nature of our shareholder value model will continue over the next horizon and will continue to serve our shareholders very, very well.

So, as context and really anchoring back to some of the comments that Pierre made earlier, I want to start by, again, just briefly reflecting on all that we've done over the last several years to really transform our business to what it is today. And as I think about where we've been and what we've accomplished, I think our IA Day themes over that period serve as a good illustration

of all that we have done to position Accenture as a leader in the New. And so, it's interesting to think back to where we were in October of 2013, our fiscal 2014, when some of you will remember that the theme of day, certainly KC McClure will remember that the theme of the day was "Capturing New Waves of Growth." And for the first time, at that meeting, we introduced our intent to be the leader in digital services as a key element of our growth strategy, and we featured Accenture Interactive, a younger version of Brian Whipple, to really illustrate our digital strategy that was in its earlier stages, to illustrate it in action. And we began to quantify our digital revenues which were estimated to be, believe it or not, \$5 billion in 2014.

Two years later, in October 2015, we had evolved our strategy and market positioning to be more expansive. We introduced for the first time the concept of "the New." And for the first time, we quantified our revenues in the New, which we estimated to be \$10 billion or about one-third of our revenue in '15 and ultimately for fiscal '16, we reported an estimated \$13.5 billion in revenue which represented 40% of our business.

And so, here we are today, having again evolved the New to now include Accenture Interactive, Accenture Applied Intelligence and Accenture Industry X.0, as you heard this morning. Also including Cloud and Security, which continues to evolve, and already anticipating, innovating, investing and scaling in the next waves of the New. And for fiscal '18, we estimate that our business in the New will have grown to roughly, and let me give you the exact number, \$23 billion in fiscal '18. Again, representing about 60% of our revenues this fiscal year.

So it really is a tremendous story of a market leader with the right vision, the courage to change, and most importantly the "know how" to massively transform our business to be even stronger and a more relevant leader in the marketplace.

But what we are most proud of is that we have done all of that while delivering very strong financial results. I think many of you know that the foundation of our strategy has always been to create a growth engine that consistently drives growth faster than the market, allowing us to take share and to extend our position as a leader. And if you look at this period from 2014 to 2017, the execution of our strategy yielded a 9% growth CAGR, which was extremely well balanced across the dimensions of our business.

During that same period, we expanded our operating margin by 50 basis points, while at the same time creating significant headroom in our P&L to invest at scale in our business and our people.

We delivered an EPS CAGR of 9% during that same period and absent the FX headwind which was about 4%, our EPS CAGR would have been even stronger.

And with strong growth and income, industry-leading DSOs and our capital-light model, we generated over \$17 billion in operating cash flow, returning \$16 billion to shareholders via repurchases and dividends, with dividends growing also at a 9% CAGR. While at the same time, as we mentioned several times this morning, investing significantly to acquire critical skills and capabilities in high-growth areas of our business. It was roughly a little over 4 billion over the timeframe on this slide. If you go back 5 years, that's the roughly 5 billion number invested in acquisitions that both Pierre and Omar referenced.

And we did this while outperforming the market in two important areas. Again, we delivered on our strategic imperative to grow faster than the market, roughly 3 times the rate of growth in the market, and the clear leader in market share gained, and all in the most attractive and strategic areas of the market. And, we did this in perfect alignment with our growth model objectives with roughly 7% organic growth and 2% inorganic growth, or to say it differently, over 75% of our growth coming from organic.

And, most importantly to all of our shareholders, all of this resulted in a 3-year Total Return To Shareholders CAGR of 20%, which outperformed the S&P and the S&P IT Sector Index.

And so, as we look at 2018, as those of you heard on our earnings call just a few weeks ago, the story continues this year as we believe we're positioned to deliver another very strong year. We're positioned to deliver strong top-line growth again, well above the rate of growth in the market, growth again that will be incredibly well-balanced across the dimensions of our business, providing further evidence of the durability and the resiliency of our growth model.

We expect to deliver double-digit EPS growth, with operating margin which again is going to be consistent with '17, which allows us the capacity to significantly invest in our business and our people, to secure our long-term market leadership.

And, we expect to generate strong cash flow while returning at least \$4.3 billion to our shareholders via repurchases and dividends.

And, as I mentioned earlier, not to belabor this slide, but we do all of this again with extending our overall leadership in the New. Let me say again, \$23 billion is the approximate number of where we think we will land this year. And the point is, with the scale and differentiation, to lead in each of the three components of the New as we also talked about this morning.

Of course, you know, everything you heard this morning was the illustration of how we do this and the magic and the secret sauce for how we make this happen.

But at Accenture, as proud as we are of all that we have accomplished in recent years, we are laser-focused on the future and continuing to drive our business to generate significant value for all of our stakeholders.

And, so as we look to the future, an important message that I want to convey is that we believe our three overarching imperatives for driving value will be as relevant and achievable in the future as they have been in the past.

And, as we continue to evolve our strategy, to stay ahead of our competitors and to position ourselves to be the leader of today and tomorrow, we do so with the intent to create an economic engine that guess what, does three things. First, continues to drive market-leading growth above the rate of growth in the market. Secondly, to drive strong earnings growth, including continued modest margin expansion while investing at scale in our business and our people. And thirdly, driving strong cash flow in excess of net income, while we invest in our business and return to our shareholders guided by a smart, consistent and disciplined capital allocation model.



So, let me talk briefly about why we think each of these three imperatives is achievable as we look to the future.

At Accenture, and I think this is well understood, we are obsessed with growing faster than the market and taking share. It's at the heart of our strategy, it's in our DNA. We focus on growing profitably faster than the market. And as we evolve our strategy and our business, we will continue to be focused on that in the future as much as we have been to date.

In this morning's session, there were many illustrations of our growth strategy in action and some insight on how it will evolve. But in summary, there are really five distinctive components of Accenture's growth model. In this case, we refer to it as three plus two, which we believe will allow us to sustain market-leading growth in the future.

First, we will continue to benefit from our unique market footprint that includes scale and leadership in the world's largest and most critical geographic markets and industries. So, we have a model. We built a business where we have scale and leadership where it matters most.

And across these markets, as Pierre referenced, we have an enviable client portfolio, anchored by 175 Diamond Clients, representing the world's largest and most iconic companies. Second, we are highly unique in our end-to-end service model where we have the scale to compete as a leader in each of our businesses covering the full spectrum of services from Strategy & Consulting to Technology and to Operations, all grounded in industry differentiation across the spectrum. Third, as I think is well understood certainly at this point in time both internally and externally, we're highly differentiated in digital-, cloud- and security-related services, while at the same time, already identifying, investing and scaling to be a leader in the next evolution of the New. So, we intend to be the perpetual leader in the evolving New.

Fourth, we have unmatched capabilities. We highlighted some of those earlier today, but certainly it includes the scale and depth of our industry, functional and technical skills, as well as the strength of our relationships and our unique position in the ecosystem.

And fifth, we have the commitment, the capacity and the "know how" to innovate and invest to lead in the most strategic and highest-growth markets.

And if you think about it, we believe these five elements of our growth model in aggregate represent the essence of what differentiates Accenture in the marketplace and this is what positions us extremely well for market-leading growth in the future.

Moving to our second imperative, Strong Earnings Growth with Sustainable Margin Expansion.

For several years now, we have talked about our relentless focus on driving strong earnings growth underpinned by consistent, modest margin expansion, while at the same time creating the financial headroom to invest significantly in our business and our people.

And given some of the recent dialogue on margins, I want to be clear that we are delivering significantly higher levels of improvement in our underlying margins, which is what has allowed us both this year, in the first half of the year, as well as if look out over the past 2 or 3 years, which has what has allowed us to increase the level of investment in our business. So, we are

delivering on that objective, including in the first half of this year, in significantly expanding our underlying margins.

Looking forward, we will continue to be guided by this objective and at the highest level, our efforts are again focused on five primary drivers.

First, as we continue to rotate our business to the New and higher-value services, we're laser-focused on driving more value and stronger economics from this part of our business. Some of the comments that I made earlier in answering the question alluded to that. And we believe this represents a significant opportunity for us given the strategic and critical nature of these services to our clients and our highly differentiated capabilities and skills to meet those needs.

Second, as we anticipate that our business will be in a permanent state of rotating and leading in the evolving New, there will always be an important part of our business which will be at a more mature point in the lifecycle. In today's context, we talk about certain parts of Application Services in our core business as an example. Our intent, Pierre referenced this as well, is to perpetually disrupt, modernize and where appropriate automate our core services to ensure that they are highly competitive in the marketplace and that we're profitable in that part of our business. And in doing so, we expect the core business to be an important contributor to our strong profitability and margin expansion.

Third, we're clearly a talent-led business where labor costs are the largest component of our cost structure and, as we continue our journey of executing our highly differentiated and tailored talent strategy for each part of our business, we'll continue to carefully structure our total rewards and engineer our overall labor cost profile to support the profit objectives of our business going forward. And among others, Ellyn and I have responsibility to work across all of our business leaders to make sure that we deliver on that objective. And as a team, we're in engaged in that daily, I can assure you.

Fourth, as you know well by now Accenture has a diverse portfolio of businesses and we remain committed to continuously evaluating our portfolio from both a strategic and financial perspective to ensure that it is fully optimized, and we refer to this as "economy of scope" in our business. We've demonstrated our willingness to both enter new businesses and exit existing businesses in support of our strategic and financial objectives, and we will continue that discipline as we move forward as part of our profit model.

And, finally, just as we do to our clients every day, we have made significant investments to digitize Accenture to accelerate and improve our own operational efficiency. We're committed to Accenture being a showcase credential where we can demonstrate to our clients that we embrace leading technology and leading operational practices to ensure that our business operates with maximum efficiency.

So, looking forward, we believe each of these five areas offers significant opportunity, and in aggregate they support our belief that we'll continue to drive strong profitability with modest margin expansion, while creating continued headroom in our P&L to invest in our business.

The third pillar of our shareholder value model relates to strong cash flow and smart and disciplined capital allocation.

And the message here is quite clear in that the drivers of our cash flow and our strategy for capital allocation will remain intact. We don't expect any significant changes as we move forward.

While cash flow can ebb and flow due to certain factors, very often timing-related, we believe we continue to have a business that has the capacity to generate free cash flow in excess of net income.

And we remain committed to our capital allocation strategy, first by investing in our business up to 25% of our operating cash flow in acquisitions. And second, continuing to return excess cash to our shareholders, where we expect dividends to grow roughly in line with income growth and the dollar amount of repurchases to remain relatively stable in the next few years.

So, this has been a strength of our business in the past and it will certainly be a strength for our business as we continue to move forward.

So in summary, we hope that this morning's session has reinforced your understanding of how truly special and distinctive Accenture is in the marketplace.

There's no doubt that we are a market leader of today, uniquely positioned and highly differentiated. Hopefully, this morning, we've illustrated and demonstrated that we're extremely well positioned to be the market leader of tomorrow, always innovating and investing to be relevant in the future.

And through my comments, we certainly believe that we have an enduring model for shareholder value creation and one that will serve our shareholders extremely well in the future.

So with that said, I'll invite Pierre to rejoin me on stage and we will continue the Q&A.

## Q&A

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### **PIERRE NANTERME – *Chairman & CEO***

Thank you. Very good. So now we have time for questions, so let's get started. Maybe we're going to start with – we're going to move from left to right because here we have a few.

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### **JOSEPH FORESI – *Cantor Fitzgerald***

Hi, Joe Foresi from Cantor. You mentioned underlying margins are expanding. Can you give us some idea of what you mean by underlying margins? And what's the core business margins versus digital margins, and what's your expectations for expansion?

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**DAVID ROWLAND – Chief Financial Officer**

Yeah, so first of all, let me talk about for purposes of this, what do we mean when we talk about investments, to then think about underlying margins absent those investments. So, at a high level, there's four things that we think about in investments. We first think about the money that we spend largely as organic investments on offerings and assets. The second category of investment includes elements of our talent investments. So, it's training and certain types of hiring that we do predominantly at the MD level, iconic hires as an example, which we really categorize as a talent investment. Third would be the P&L absorption of the acquisitions that underpin our inorganic growth. So that's really the acquisitions over the trailing four quarters, the P&L flow-through from those acquisitions. And fourth, would be targeted client investments that we make in a very controlled and disciplined way. I will say just as a point that that is, if anything, a narrow view of investments. In fact, there are other things that if you talked about investments more broadly like innovation centers, digital studios, labs, etc., that we don't even include in that number.

In that context to get to your question, some of you will remember at the last IA Day, I was asked the same question, maybe by you, and I threw out the number of 100 basis points, that at that time our margins were expanding in the zone of about 100 basis points or more. And what I would tell you is that if you look at the two years since then and even if you look at the first half of this year, the underlying margin, so the margins absent those categories of investments, have continued to expand in that same zone.

So, just as an illustrative model again, you know, our mental framework, as an illustrative example, is that let's say we target expanding our underlying margins by 100 basis points, we have on average generated about 15 basis points of margin expansion if you look at our history. So, really what we're doing is creating 85 basis points of capacity to invest in those four areas that I called out.

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**PIERRE NANTERME – Chairman & CEO**

Yeah, next one.

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**BRYAN KEANE – Deutsche Bank**

It's Bryan Keane, Deutsche Bank. I just want to follow-up on automation. How much of your business today is automated and how much will it be in five years as this continues to roll out? And is automation only a cost or is it also, can it help drive revenue?

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**PIERRE NANTERME – Chairman & CEO**

Yeah, I mean when you look at the automation and that might be good maybe, Debbie, you illustrate how you're using automation to drive more productivity because I think that's going to bring that to life.

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**DEBBIE POLISHOOK – *Group Chief Executive – Accenture Operations***

So, we've used automation whether it's RPA, AI, in combination, right, and advanced analytics to drive our operations differentiation and business. And with that, if you look across the last three years, we've automated 38,000 roles, but we haven't had to let anybody go because we keep growing our business to help other clients go on that journey. So, for us, it's expanding our business because we are – it's very attractive for clients to bring their operations to us because we're making the investment to be able to combine these different types of automations, to really drive a different way of running your operations. And so, you know, it's been great for our growth and we continue to grow very strongly in the operations space and we haven't had to let anyone go.

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**BRYAN KEANE – *Deutsche Bank***

Do you continue to grow?

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**DEBBIE POLISHOOK – *Group Chief Executive – Accenture Operations***

They're going to continue to grow. I mean is it going to be exponential? No, but we're taking on new work from clients that comes in highly manual, highly paper-based and we take it from that and we completely transform it, right. And we don't just attack their – you know, create productivity savings for our clients, but we also create opportunities to grow their top line. So, we talked about marketing operations, right, which is definitely targeting revenue and sales for our clients, being able to bring that experience that Brian described to life in the day-to-day way they operate because it's every place along the value chain that you touch or interact with your key stakeholders that have to have that experience. And that often is in many of the operations sort of the, whether it's sales operations or product operations, the product support piece, it all has to be consistent to bring that experience to life. So, we view that as definitely an uplift for our clients in terms of revenue.

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**PIERRE NANTERME – *Chairman & CEO***

Thank you. The next one? We're moving down the road a bit.

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**JASON KUPFERBERG – *Bank of America Merrill Lynch***

Hi, Jason Kupferberg from Bank of America Merrill Lynch. I appreciate the increased clarity on the margins. I thought that was very helpful. I wanted to actually ask a question about the competitive landscape and if you can maybe take us through some pieces about, obviously, Accenture's a share gainer and we all appreciate that. You do have the former big four out there, it seems like they've gotten reengaged in recent years in parts of the market, perhaps even on the technology and implementation side as opposed to just tie-in consulting. So, what are you seeing there as well as from some of the higher-end consultancies, the McKinseys of

the world? And then the multinationals, the Indian-centric firms, there's a lot of pieces to that landscape, so we'd love to hear what's been changing from your point of view?

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**PIERRE NANTERME – *Chairman & CEO***

Yes, and that's going to give me the opportunity to share with you our view of the end-to-end and, indeed, why we built this business architecture we have. We are competing against multiple fronts, as you said. On one hand, you have the strategic pure players and the big four. They are more on the strat consultancy part of the business, what I would call Accenture Strategy and Accenture Consulting. They would be in that space. The IPPs or the Indian pure players are, indeed, more coming from the other side of the spectrum. I think they will be more the friends of Debbie and Bhaskar on a daily basis. So, in term of Operations, BPO, Application Outsourcing, Systems Integration, much less of course in the Strategy and in the Consulting landscape.

Then you will have the multinationals. The multinational might be a bit – I mean competing a bit more – I mean very few, I don't know any multinational really having a strategy pure player as we created with Accenture Strategy. So, it would be more on the Consulting, Systems Integration and Application Outsourcing. So you could see they would be competing in some parts of our business but, indeed, we're claiming that today we are the only one I believe with this business architecture from Strategy, to Consulting, to Digital, to Technology, to Operations and to Security. I didn't mention Digital, because Digital is an interesting beast. That's why we put Mike in charge of managing this beast and understanding what's going on because his dynamic is, of course, very different.

The best friends of Brian would be certainly the holding agencies, right, but as well some of the coming, multinationals coming in this place of these digital marketing companies. So, here's it's another set of competitors and the fact that, indeed, we extended our reach to the CMOs has opened a new front with these holding companies. Against which now we are competing and Brian's numbers, strong double-digits, are demonstrating that our formula is very powerful compared to this set of competitors.

But if you move to Applied Intelligence with Narendra, you're going to see another set of competitors, some of the multinationals or the big players and then more niche and specialized players. And Industry X.0, we'll see. I mean there is not yet any established leader, probably, except us. And I'm not mentioning that with arrogance, but just playing with this idea that we want to be the first mover. And by being the first mover, we're capturing more of the market. So, we'll see on Industry X.0 who's going to play in that game.

So, this is the dynamic. Needless to say, that they all rally to digital, you know, when I'm reading all your papers on the competition. Now, they're all talking about what we're talking about. I mean digital, blockchain, etc., so it's the game. There is no monopoly of the language, so that's why we were very pleased to have this Investor and Analyst Day. It's okay, you can talk, or you can do things. You have a story, or you have the capabilities.

And so, indeed, there is no monopoly on the storytelling. All our focus is building differentiated capabilities at unique scale, and having this end-to-end which is making us pretty unique in the marketplace from the boardroom to all this digital and then with the industrial-strength in terms

of Technology and Operations. We decided to have that scope on purpose. It's a very demanding scope and David mentioned economy of scope which is our new obsession, how you manage the portfolio, being end-to-end to be highly differentiated in the marketplace without having a scope you can't manage or you can't support from an investment standpoint.

But today, our scope and end-to-end is playing in our favor, and that's going to be at the end of this long answer. Clients, they want people like us to commit on an outcome, to commit on the results. Our hypothesis is if you cover only a part of this value chain, you are not credible to commit on an outcome. That is the logic behind these businesses we built, is the credibility to commit on the results. And when we're talking with our clients, this is what they want. Put skin in the game, take a commitment on the result, on the cost base or on the revenues. It's more and more the natural discussion with clients and if you're covering only a piece of the service, you don't have any credibility to commit on an outcome.

Yeah, we're moving here. We have one here. We're going to move a bit and then we'll go right. We'll go right. So, we'll do left and right. But we'll take all questions.

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**JAMIE FRIEDMAN – *Susquehanna***

Thanks. It's Jamie at Susquehanna. Thanks again for doing this IA Day again. I wanted a clarification on something Bhaskar had said earlier. I think he had said, I may have misheard, that 40% of the company's revenue is digital ERP. If I'm misquoting, I apologize and if I did, if you could rephrase it and then if you could help us map which business dimensions, David that the ERP is tracking to, that would be helpful? Thank you.

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**DAVID ROWLAND – *Chief Financial Officer***

Can you clarify the comment you made?

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**BHASKAR GHOSH – *Group Chief Executive – Accenture Technology Services***

So, what I said the 40% of our revenue comes from platform business and platform business is SAP, Oracle, Microsoft, Salesforce and Workday.

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**JAMIE FRIEDMAN – *Susquehanna***

And didn't you say that was growing double-digits?

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**BHASKAR GHOSH – *Group Chief Executive – Accenture Technology Services***

And that is growing double-digits.

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**JAMIE FRIEDMAN – *Susquehanna***

I think those were both new, at least new to me.

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**DAVID ROWLAND – *Chief Financial Officer***

Yeah, we have not – we had not communicated that previously, but that is new information, which we did – Bhaskar didn't go off script. We were doing that intentionally.

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**PIERRE NANTERME – *Chairman & CEO***

Good try.

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**JAMIE FRIEDMAN – *Susquehanna***

And then like where does that show up in terms of the reporting?

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**DAVID ROWLAND – *Chief Financial Officer***

Well, it's I would say, essentially, it's broad-based in terms of our operating groups and geographies. Do you mean from a Strategy, Consulting, App Services, Operations? Do you want to comment on that?

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**BHASKAR GHOSH – *Group Chief Executive – Accenture Technology Services***

I don't have the exact break-up of the different areas, but I think it will include all of our service lines starting from Strategy to Application Services to Operations to everything.

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**DAVID ROWLAND – *Chief Financial Officer***

It is a driver of Strategy and Consulting growth, I believe I'm correct that if you look at Strategy and Consulting in the platform business, it is growing [mid-single digits, consistent with the overall growth in Strategy and Consulting. So, it is a driver for Strategy and Consulting, and certainly, it would be double-digit for Application Services] [corrected].

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**PIERRE NANTERME – *Chairman & CEO***

Okay, let's take another one from the left, we move right because I see some impatience on the right.



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**BRYAN BERGIN – Cowen & Company**

Bryan Bergin from Cowen. As you embed more technology and platforms and IP into your delivery, can you just talk about how that affects the fundamental financial model for you from a sense of margin and also a sense from revenue visibility?

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**DAVID ROWLAND – Chief Financial Officer**

Yeah, as we embed technology and IP?

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**BRYAN BERGIN – Cowen & Company**

Yeah, your own IP, not necessarily the platforms you spoke of.

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**DAVID ROWLAND – Chief Financial Officer**

Yeah, I mean I would say that – and when you say technology, certainly, you're talking about things like automation. So, you're saying we use automation as an example in our delivery models, etc., I mean our position as I mentioned in my prepared comments is that everything in the New because of its very nature in terms of the strategic priority to our clients, the fact that very often there's a scarcity of skills and capability in the marketplace that can do it at scale for the large companies, as we do. We expect for everything that we do in the New, including the technology infusion, etc., to be accretive to our profitability.

You know, we're focused on driving the right value for our business and our shareholders for all of our services in the New, which we can do and still deliver significant value to our shareholders.

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**PIERRE NANTERME – Chairman & CEO**

And we mentioned our portfolio of patents and patents pending, and it is our goal as well to monetize our patents in a way that's going to be creating more value for the firm.

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**DAVID ROWLAND – Chief Financial Officer**

You got Rod up here.

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**ROD BOURGEOIS – Deep Dive**

Hey, guys. Rod Bourgeois with Deep Dive. So, I have a question over here, Pierre. So, I want to hone in on the industry-wide margin trend. As you guys know, IBM's margin in services has been high teens and it's now single digits. Infosys just guided down on their next year's margin

outlook. We have some pricing data that doesn't look so good, particularly in some of the traditional segments like application maintenance and some of the other areas. So, I guess my question really is are you seeing an industry-wide margin challenge that's built up over the last few years or do you think this is just idiosyncratic things at some of your major competitors because you also had a margin disappointment last quarter? So, it is interesting that IBM, Infosys, some of the other large Indian firms and Accenture have all recently had some margin challenges. Is that an industry trend or just a coincidence?

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**PIERRE NANTERME – *Chairman & CEO***

Yeah, I'm going to start answering on this. The market is very competitive, let's put it that way. It's attractive but very competitive. Now, when you look at the margin, you have different situations. Situation number one might be you're too much exposed to commodity services. And if you're too much exposed on commodity services, then the pricing is going down every year and at some point in time, it does impact the margin. Our response on this has been robotics and automation, but it does have the limits. So some are overexposed I would say to commodity services.

Scenario number two would be you invest. And I've seen some like us or some of our competitors where you're investing to rotate to your destination, to the New. Many competitors announced that they want to go digital, they want to make acquisitions, more or less emulating our story a bit. And so, it's some are in the wrong place or others are investing to get out of the wrong place and to get to the right place. I think this is what it is, in a context where the market is extremely competitive. So, if you want to keep the price stable or moving up, you need indeed to bring extraordinarily deep differentiation, and this is what we do. So, I think that's the way I would look across the board.

So, for us, we pivot to the New. We, I think, communicated that our margins in the New are on balance better than the margins in the core. I mean we announced that. We need to continue that pivot and through all the ladies and gentlemen you heard this morning, getting unique differentiated talent, assets and solutions. When you're working with Narendra and you're bringing the best business scientists and we have, how many we have now?

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**NARENDRA MULANI – *Chief Analytics Officer***

3,000.

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**PIERRE NANTERME – *Chairman & CEO***

3,000 business scientists to work on top-level algorithms to solve for fraud or for churn or other things, you can add value. The more you're getting to the mass commoditized services, the more complex it is. So, it depends on your portfolio of business. That's why in '12, we decided to pivot our portfolio to be less exposed to commoditization.

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**ROD BOURGEOIS – *Deep Dive***

And, Pierre, just a quick follow-up, is your biggest challenge to margin expansion going forward the competitive environment or is it just keeping that capacity to be able to invest in the New? In other words, what's your biggest challenge to being able to achieve margin expansion in future years?

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**PIERRE NANTERME – *Chairman & CEO***

Yeah, I mean, first, David's been very clear, we are expanding our margin, and you mentioned 100 basis points. So, we are generously expanding our margin. Now you can say, yeah, I mean 100 basis points and you gave 10, 20, you know, on average, because we are reinvesting 80 to 85% of these 100 basis points in the business. And I think this is this balance we want to keep. But at Accenture, we are expanding our margin, we are expanding our margin significantly and I'm taking that as a proof point of the rotation to higher-value services. But we reinvest in the business because the job is not yet done, and we need to invest in the next generation, but we are expanding the margin.

Yes, here in the front, and here.

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**ASHWIN SHIRVAIKAR – *Citi***

Ashwin Shirvaikar, Citi. So, two-part question, I was really struggling to get to three parts, but maybe I'm not good enough for Accenture. The first part of it is just going back to the margin comment, gross versus net. As you become more and more of a sort of a digital enterprise yourself and apply all these things, does that gap between the 100 basis points gross and giving us 15 basis points, does that shrink so that you can maybe down the road deliver 30 to 50 instead of 10 to 30? And then the revenue question, the second question is really, as digital becomes bigger and you talked about maturity curves, do you reaccelerate your growth down the road because your portfolio is growing faster or as you hit maturity curves, your growth remains the same on a bigger base?

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**PIERRE NANTERME – *Chairman & CEO***

Maybe the last one, and then I will let you comment on the margin. I mean you love that so much. We're growing high single, double-digits. So, we are pretty much full steam on growth and we're pleased with that. I mean from an organic standpoint, we're growing three times the market, minimum. And the expectation is being met. We want to grow more than the market. When it's three times, the organic growth, it is very good.

What we believe is indeed with our strategy, with the next waves of growth, with the launch of Industry X.0, with the launch of Accenture Interactive Operations, or Intelligent Marketing Operations we mentioned with Nikki, I think we believe that we have the potential to continue growing more than the market and in the zone we are setting every year. Plus there are other markets to explore. I'm thinking about China as an illustration where I believe there is a great

potential. Or what we're doing in South America, outside Brazil, where we see good potential in Columbia and Mexico and in other places. So, there are markets where we could expand as well.

So, when I look at the new businesses we could launch, plus the markets we could develop, plus the market share we could develop in our current markets, I'm thinking about, in the U.S., in Germany. I think we still have the possibility to improve our market share. I'm not overconcerned by the growth. I think as we said, the point for us is to extract the value out of that growth, so we can reinvest in the business with the opportunity to return to our people and to our shareholders. So, that's the equation. So, a big focus is going to be put on value. The growth and, again, we need always to be cautious on this, you never know what might happen, but I think we have found a good formula for growing. Now we need to extract the value and reinvest in the business and continue the good story.

Yeah, front row and then moving here and there.

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**MIKE VOGEL – *Canada Pension Plan Investment Board***

Hi, this is Mike Vogel from the Canada Pension Plan Investment Board. One question, so very few retailers are doing well worldwide despite spending a lot of money on interactive services from Accenture. And just, what I was wondering is are any of the retailers starting to lose faith in that money they're spending, and is there any risk to the New brand promise overall for Accenture?

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**PIERRE NANTERME – *Chairman & CEO***

I don't know whether – Sander, Mr. Retail, what's happening in retail?

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**SANDER VAN 'T NOORDENDE – *Group Chief Executive – Products***

Well, I mean what's happening in retail? The real question is what does it take to be successful in retail? And if you ask us, first of all, there's a big question on the table for many retailers, what is our real purpose here in retail? Because think about the old model, the value proposition was really I put lots of stuff in one place, people go there and they buy it. But that model is sort of under a lot of pressure. So, retailers need to take a step back and say what do I really want to be in life? What is my value proposition to my customers? And with Brian, we're working on what's the experience to the consumer, to the shopper that we want to get? So, that's a very important question that retailers need to answer and if you don't answer that question, look at Toys "R" Us, you're going to be in trouble.

The next thing that you need to be successful is scale because you are competing against the best in the world, think Amazon, think Alibaba. So you've got to be big to invest and to really have a mindset on investments. Because that's the other issue that many retailers are grappling with is they grew up in a model where they say if we open 10 new stores, we're going to get growth. But today, the 10 new stores are not necessarily bringing growth. Today, you need to invest in digital capabilities to be successful.

So, what's your purpose and how are we going to invest to maximize our consumer experience. Those are sort of the three big questions that retailers need to answer and it's a matter of survival for some of them. So, I mean some of them will invest, some of them won't and some of them won't survive.

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**PIERRE NANTERME – *Chairman & CEO***

Yeah, it's definitely a vertical under massive pressure, when you look at it. Maybe the last two questions. Yeah, here, here and here and then we will wrap up.

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**ARVIND RAMNANI – *KeyBanc***

Arvind Ramnani from KeyBanc, and I'm watching areas, you know, blockchain and AI, are you following a similar strategy of working with external product companies or are your foundational capabilities changing? And follow-up to that is given that these technologies drive significant levels of efficiency, how are you ensuring that you're able to retain and grow your revenue base?

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**PIERRE NANTERME – *Chairman & CEO***

Okay, right, I've been working with – David, you want to maybe comment on how we work with the ecosystem, because this is for us a natural act. So, maybe you could elaborate?

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**DAVID TREAT – *Accenture Blockchain Lead***

Our ecosystem position in blockchain is actually our biggest strength and that's what's leading us to win most of our work. The project example that we showed a video from was the first time ever that a side-by-side build on three of the leading platforms was done against the same functional scope. Because there was a ton of confusion in the market as to... I have one platform company telling me that their product's fantastic because of this, and the other one's showing me the same metric and saying they're fantastic, but they look wildly different. This was the first time that, through using us, as an independent party, that's developed the deep relationships, sometimes through minority investments and sometimes through alliances, certainly through our focus on building the proper ecosystem. We're the only trusted party that's independent, that has all of the relationships with the leading platforms that can do that kind of comparison. So, we've been heavily investing into that ecosystem. It includes a huge focus on the start-up community, a huge focus on our traditional technology partners in Microsoft and IBM and AWS and Intel and HPE, as well as the academic community and the technical consortium that I mentioned – Linux Hyperledger, Enterprise Ethereum Alliance etc. So, our ecosystem's actually one of our primary differentiators and the reason that we're winning an outsized share of the work.

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**PIERRE NANTERME – Chairman & CEO**

And it's been for a long time. I remember, I mean I started 35 years ago and working with the ecosystem of the ERPs, it's for us just a natural act. So it's not by chance that we are number one with, you know, we mentioned SAP, Oracle, Microsoft, Salesforce, Workday, Amazon Web Services and many others, with probably all the ecosystem partners because we, first, we are totally independent. We are totally technology agnostic. It's part of us. So when there is a technology, we're looking at the technology and our job... we are a massive translator of how this technology is going to impact the industries and when. Because for our clients, they have this question. They're going to impact our business? Yes. Okay, but when? Today, tomorrow.

On your second question, on all these technologies you are bringing are easy to implement. We are doing now in two weeks what's been taking two years before and so, your business is going to shrink massively.

I will answer your question with the famous quote of Mark Twain, we certainly all know: The rumors of my death are highly exaggerated. And I'm taking that because software as a service – oh, software as a service is plug and play. So, many providers are explaining to their clients that they don't need people like us anymore. And that's their job because they want to get our margin in their product, in their sale. So, software as a service, you don't need systems integration, it's going to be super simple, super smooth, you take your plug and you put the whole thing, and the magic is happening. Blockchain, certainly the same. They're oh, blockchain, highly decentralized, easy, you're putting that, a couple of weeks you're done, and life is good.

I mean the answer is, we're still there and, the reality is, growing our revenues with these new players, whatever they are – blockchain, Salesforce, Workday or all these companies, or even now the SAP HANA and all the others. Maybe because we are working for giants. And, indeed, there might be a market, maybe a big market, where implementation might be done maybe faster and in a way which is going to be easier.

For the big giants, our 175 big giants we're working with – the level of overall integration is remaining intact because the SI piece might be maybe a bit smaller, a bit, but the rest, which is process transformation, which is change management, which is integration in the rest of the platforms because you need to integrate your solution with the rest, is still requiring a significant effort. And I think you have this question, Paul, on a regular basis on that.

How much cannibalization? The reality is we've seen zip. And we continue to grow. So, we'll see whether there is going to be one day the magic technology plug and play, and when we will come here and say, okay, guys, it's all over. It's all our IA Day. I don't think so and we'll be back soon on this, showing more growth.

Maybe a final, final one to make sure there is no – yeah, here this gentleman has been raising his hand for quite a while. I don't want to frustrate anyone.

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**JIM SCHNEIDER – *Goldman Sachs***

Jim Schneider from Goldman Sachs. Thanks for fitting me in. I wonder if you could maybe comment on the relationship between your shorter-term consulting and integration work and your longer-term outsourcing work and maybe, you've clearly done a great job of taking digital work on the consulting side and moving it into the profitable core over time. Can you just talk to the relationship between the margins in the shorter-term consulting work and the outsourcing work historically and whether you expect that relationship to change over time given some of the commoditization pressures you mentioned earlier?

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**DAVID ROWLAND – *Chief Financial Officer***

You know, it's a broad question and it's hard to – really, you would have to get into more specificity to really give a good answer to that. In general, I would say that our expectation is that our strategy and consulting margins really are, let's say, lead the margins of the business. So, clearly that is the expectation for that part of the business. Having said that, Application Services, as an example, is a very profitable business, as is Operations. We really look at – you know, we've talked about this concept of fit-for-purpose, which means really understanding the market-relevant economics for each part of the business, recognizing that the market-relevant economics are different for each.

What we drive ourselves to is a view of always being at or better, and really better, than what we judge to be the market economics for that part of the business. And that's what our business group chief executives, working with our operating group chief executives, focus on. And so in Operations, we look at Debbie's business in an Operations context, and what she's constantly doing is driving the strategy to achieve a financial outcome that is strong profitability in the context of the Operations marketplace. So, that's how we drive the business.

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**PIERRE NANTERME – *Chairman & CEO***

Okay, time to wrap up, right, Angie? And we are very – we want to be very mindful about your time. So, thanks a lot for coming this morning. I really hope that you find this session extremely helpful for all of you in understanding where we are. I'm not going to summarize the elements of the strategy, but the key element you heard this morning is in '11, '12, we embarked Accenture. I mean all this leadership team, embarked Accenture on certainly the most significant transformation of Accenture's history, to rotate to the New. And we are now in '18, and I guess we can declare we have reached a destination. Maybe it's not the final one, but we reached the destination that, indeed, we can declare we have rotated 60% of our revenue to the New. So, we can declare there is a new Accenture today, on this stage, and it's not the Accenture you might have known before, or it's not – I think that an analyst, one of you, wrote something like it's not your father's Accenture, right? So, it's not your father's Accenture. We are now the new Accenture, 60% of our revenue in the New.

I think the second message is innovation, first-mover advantage and really capturing the next waves of growth and anticipating. I think that's the other big message we are doing at Accenture. Just see how we're doing that, but we believe it's absolutely prominent.

The third big message is we are extending our reach and relevance across the value chain of our clients. And how we are relevant not only in enterprise management and technology, but we are relevant in all the marketing operations at the front and we're going to be relevant in all the operational services at the core of the operations of our clients. You see with Faurecia, we contribute to build cars. Who would have believed that Accenture would build cars? We are, we are. Now, at least the cockpit of the car in autonomous cars. So, we have significantly expanded, so we are addressing a much bigger budget and spending of our clients, as well as being more relevant with them on their opportunities and challenges.

Next, end-to-end. We built an architecture of businesses which is second to none, where we are relevant from the boardroom and the executive committee, to the technology and as well to the way you operate on behalf of clients.

And finally, talent. I think we have 445,000 people, but the reality is we have 445,000 talented people. And all the work Ellyn's been doing is this concept of specialization at scale. We want to be highly specialized in our businesses and having the best people, the best business scientists, the best people for Brian and all the others in all our distinct businesses. And it's all about specialization, but then we need to drive that specialization at an amazing scale. You know, 3,000 business scientists, not 200, not 20, 3,000 and growing.

You've seen that now, Accenture Interactive, you mentioned, we are what? 20,000?

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**BRIAN WHIPPLE – *Accenture Interactive Lead***

25.

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**PIERRE NANTERME – *Chairman & CEO***

25,000 people. This is what we're thinking when we scale. Under Kelly Bissell's leadership, now we're going to hit the two billion, and last year Accenture Security been growing 70%, right, Kelly? So, he's a good guy, Kelly. He arrived two years ago, 70%. We're going to keep him onboard. He's a very good guy. We love him a lot. And so, all this talent, the value proposition is extremely important.

And then what I would say is the deployment leverage we have across different industries and the different markets. So, we're putting all of this together. And at the end of it, I really would like in front of all of you to thank the leadership team of Accenture, the people here, and all the others who are not here, because at the end of the day, it's a team sport. And what we have at Accenture is an extraordinarily aligned, cohesive team of leaders. They're all the best in class in their categories, but what's setting them apart is their unique ability with a true friendship and comradery to collaborate. Because at the end of the day, all these businesses should be synergistic. And you can't be successful on your own. It's all about combining the capabilities in a geography for an industry and we need all these people to cooperate seamlessly and be extraordinarily aligned to our strategy. And for me, it is just a privilege to be their team captain. You see they like cracking jokes on me, so maybe I'm going to reveal the joke on the three. So, I'm a bit obsessed by the three, so I'm going to give you a bit and every time I'm presenting,



okay, there are three things, three things, and so forth. And when I ask them to present, I say come with three. So, some when they come with four, they come in with three and so forth.

So, the three has become the way for us of structuring our thinking. So, it does work with three or six because it's twice three. So, three, six, nine is the way you present things. Everything in me, though, would be a huge problem for our brain to understand, especially mine. So, thanks for joking, for all this morning on the three. Thank you very much.

I like working with you a lot and I would like to thank all of you for the trust and confidence you're putting in our company, our investors, all the analysts who are supporting us, challenging us, asking tough questions and I encourage all of you to continue asking the toughest possible questions, so we could answer them. It's been a pleasure to be with you this morning. All the best and take care. Safe travel back and talk to you very soon.

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