

COMPANY PROFILE

Accenture plc

TABLE OF CONTENTS

Company Overview 3
Key Facts 3
SWOT Analysis 4

COMPANY OVERVIEW

Accenture plc (Accenture or "the company") is one of the leading professional services companies, offering management consulting, technology and outsourcing services to clients across a broad range of industries. The company operates in the Americas, Europe, Middle East and Africa (EMEA), and Asia-Pacific. It is headquartered in Dublin, Ireland.

The company reported revenues of (US Dollars) US\$34,797.7 million for the fiscal year ended August 2016 (FY2016), an increase of 5.7% over FY2015. In FY2016, the company's operating margin was 16.3%, compared to an operating margin of 13.5% in FY2015. In FY2016, the company recorded a net margin of 11.8%, compared to a net margin of 9.3% in FY2015.

The company reported revenues of US\$9,005.6 million for the first quarter ended November 2016, an increase of 0.4% over the previous quarter.

KEY FACTS

Head Office	Accenture plc 1 Grand Canal Square Grand Canal Harbour Dublin 2 Dublin Dublin IRL
Phone	353 1 6462000
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Web Address	www.accenture.comie-en
Revenue / turnover (USD Mn)	34,797.7
Financial Year End	August
Employees	384,000
New York Stock Exchange Ticker	ACN

SWOT ANALYSIS

Accenture plc (Accenture or "the company") is one of the leading professional services companies, offering management consulting, technology and outsourcing services to clients across a broad range of industries. The company's operating model focused on growth platforms enables it to offer differentiated, industry- and function-based, end-to-end business services and provides competitive advantage to the company over its peers. However, volatility and uncertain economic conditions has adversely affected and will in the future affect the company's clients and the levels of business activities. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on Accenture's results of operations.

<p>Strength</p> <p>Robust alliances network Operating model focused on growth platforms Diverse presence across various industries and geographies Strong client relationships</p>	<p>Weakness</p> <p>Litigations</p>
<p>Opportunity</p> <p>Growing demand for enterprise mobility Strategic acquisitions further strengthen Accenture's market position Increased adoption of cloud computing services</p>	<p>Threat</p> <p>Volatile and uncertain economic conditions Revenues may be adversely affected by currency exchange-rate fluctuations Intense competition</p>

Strength

Robust alliances network

Accenture developed a robust network of alliances. The company works closely with some of the technology market leaders that complement and extend its solutions and capabilities. Accenture has alliances with leading technology companies such as BMC, Cisco Systems, Dell, EMC, HPE, IBM, JDA, Microsoft, NetApp, Oracle, Red Hat, Salesforce.com, SAP, SAS, Siemens, Symantec, Thomson Reuters, VMware, among others. The strong alliance network allowed Accenture to deliver innovative and collaborative solutions by bringing together various technology teams. Alliances with leading technology companies have allowed the company to cater to broad and varied needs of its clients. The strong network of alliances has allowed Accenture to create significant and sustainable value to its customers. A robust alliances network equips Accenture with the ability to serve a diverse base of clients.

Operating model focused on growth platforms

The company has established a strategic operating model with strong focus on organizing its resources

around five growth platforms, including Accenture Strategy, Accenture Consulting, Accenture Digital, Accenture Technology and Accenture Operations. Accenture Strategy offers a range of strategy services focused on areas such as digital technologies; enterprise architecture and applications; finance and enterprise performance; IT; mergers and acquisitions; operations; sales and customer service; sustainability; and talent and organization. Accenture Consulting comprises of industry consulting services and functional consulting services, including finance and enterprise performance; supply chain, sourcing and procurement; talent and organization; architecture advisory; and technology advisory. Accenture Digital combines capabilities in digital marketing, mobility and analytics to help clients provide better experiences for the customers they serve, create new products and business models, and enhance their digital enterprise capabilities and connections. It provide digital services across three areas: Accenture Interactive, a marketing solutions help clients deliver multi-channel customer experiences and enhance their marketing performance. Accenture Mobility provide clients with practical innovations in connectivity and the IoT to transform business processes and enable new operating models. Accenture Analytics deliver insight-driven outcomes at scale to help clients improve performance.

Accenture Technology comprises of technology delivery, and technology innovation and ecosystem. Technology delivery includes the company's application services spanning systems integration and application outsourcing; portfolio of software solutions; and global delivery capability in technology. Technology innovation and ecosystem focuses on innovation through the research and development activities in the company's Technology Labs and through emerging technologies. The company also manages technology platforms and alliance relationships across a range of technology providers, including SAP, Oracle, Microsoft, salesforce.com, Workday, and Pegasystems, among others. Accenture Operations provides business process services, infrastructure services, security services and cloud services, including the Accenture Cloud Platform. The company offers services for specific business functions, such as finance and accounting, procurement, marketing, human resources and learning, as well as industry-specific services, such as credit and health services. Accenture's infrastructure and cloud services provide infrastructure and security design, implementation and operation services to help organizations take advantage of innovative technologies and improve the efficiency and effectiveness of their existing technology.

The company's operating model focused on growth platforms enables it to offer differentiated, industry- and function-based, end-to-end business services and provides competitive advantage to the company over its peers.

Diverse presence across various industries and geographies

Accenture enjoys significant scale and is diversified across industries and geographies while at the same time offering integrated services. The company has one of the broadest offerings in management consulting, technology services and outsourcing markets. It caters to 13 industry groups, under its five operating groups: products; financial services; communications, media and technology; resources; and health and public service.

In addition, the company offers its services to clients globally through its Global Delivery Network which includes Accenture personnel based at more than 50 delivery centers around the world. The company operates in more than 200 cities in 55 countries. Furthermore, the company generates balanced revenue stream across its operating groups. In FY2015, the products group accounted for 25.5% of the total

revenues. This was followed by financial services (21.4%), communications, media and technology (20.1%), resources (14.7%), and health and public service (18.2%). Similarly, North America, Accenture's largest geographical market, accounted for 47.6% of the total revenues in FY2016. This was followed by Europe (34.8%), and growth markets (17.6%).

The company's diverse presence across various industries and geographies enables it to expand its customer reach. The company's ability to operate at a certain scale provides favorable competitive environment and pricing power. Accenture is further positioned as a one stop shop which provides cross selling opportunities.

Strong client relationships

Accenture enjoys strong client relationship. The company enjoys strong and lasting relationships with many of the world's leading companies. It has relationships with more than 4,000 clients in 120 countries and 95 of its top 100 clients have been clients for at least 10 years. Accenture serve 89 of the Fortune Global 100 and more than 3/4 of the Fortune Global 500 companies. This indicates that the company enjoys high switching costs. As such long relationship indicates that Accenture's consultants are well versed with the client's business and therefore the clients will have to incur high switching costs. The client relationships are also a testimony to the company's ability to retain its customers and to the favorable competitive position that it enjoys. These client relationships will also enhance the company's ability to win new business as it has a roster of valuable client references.

Weakness

Litigations

The company is subject to a variety of litigation or other claims and suits that arise from time to time in the ordinary course of its business. The company and/or its personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of its business around the world. The business is subject to the risk of litigation involving current and former employees, clients, alliance partners, subcontractors, suppliers, competitors, shareholders, government agencies or others through private actions, class actions, whistleblower claims, administrative proceedings, regulatory actions or other litigation. For instance in 2015, H.B. Fuller won a case against Accenture. An arbitrator awarded \$14 million in damages over project that went awry. Litigation such as these could materially affect the image of the company.

Opportunity

Growing demand for enterprise mobility

The market for enterprise mobility solutions has been growing at a rapid pace. Increasing mobile worker population, emergence of sophisticated mobile devices such as tablets and smartphones and introduction of several business applications is expected to drive the market for enterprise mobility over the next few years. According to industry estimates, the global enterprise mobility market is expected to grow at a

compound annual growth rate (CAGR) of 25% during 2015-22 periods. The enterprise mobility market is forecasted to be valued at approximately \$510.4 billion by 2022, increasing from \$86.4 billion in 2014.

The company has been increasing its focus on developing enterprise mobility solutions in recent times. The company offers a range of mobility solutions, including mobility strategy, mobile application development, testing, IoT and connected products, and connected devices and embedded software. The positive outlook for the enterprise mobility solutions and the company's increased focus on this business will allow it to gain more customers and market share in the coming years.

Strategic acquisitions further strengthen Accenture's market position

Accenture made significant strategic acquisitions in the recent years to enhance its service portfolio and boost its growth prospects. For instance, in January 2017, Accenture entered into an agreement to acquire the corporate advisory and aviation consulting businesses of Seabury Group, a professional services firm. The acquisition will expand the company's aviation capabilities. Similarly in November 2016, Accenture acquired Karmarama, a UK-based independent digital agency. The acquisition strengthens the ability of Accenture Interactive, part of Accenture Digital, to create and deliver integrated customer experiences to brands.

Further in August 2016, Accenture acquired dgroup, a Germany-based provider of management consulting services. The acquisition will increase Accenture's digital consulting capabilities in the German market and strengthen the range of services Accenture provides to support digital transformation, primarily for retail and consumer goods companies. Similarly in July 2016, the company acquired Tecnologica, a Spanish open source technology company, to scale its open source digital skills in Spain. In June 2016, Accenture acquired Maglan, an Israel-based cybersecurity company. The acquisition advances Accenture's strategy of leveraging Israel as a cybersecurity innovation hub to provide clients with cross-industry cyber defense consulting.

Such strategic acquisitions will further strengthen the company's market position in the provision of management consulting, technology services and outsourcing services to a diverse range of clients.

Increased adoption of cloud computing services

The worldwide demand for cloud computing services is expected to grow significantly in the coming years. Cloud computing is a computing infrastructure model, which enables delivery of software-as-a-service (SaaS). Appeal to cloud computing has been increasing as it enables companies to reduce their expenses related to upfront royalty or licensing payments, investment in hardware infrastructure and other operating expenses. According to MarketLine, the global cloud computing industry is expected to generate total revenues of \$89.3 billion in 2016, representing a compound annual growth rate (CAGR) of 34.2% between 2012 and 2016. Furthermore, the performance of the industry is forecast to accelerate, with an anticipated CAGR of 35.6% for the 2016-21 periods, which is expected to drive the industry to a value of \$409.6 billion by the end of 2021.

The company is well positioned to take advantage of this rapidly growing demand for cloud computing services. The company offers a range of cloud based services, including cloud strategy, cloud security, SaaS, PaaS, cloud infrastructure (IaaS), cloud based Accenture software services, business process-as-

a-service (BPaaS), and the Accenture cloud platform. In addition, the company enhanced its cloud offerings with the addition of new services based on cloud and through strategic alliances. For instance, in January 2016, Accenture acquired CRMWaypoint, a Netherlands-based supplier of cloud advisory and technology services. In April 2016, Accenture entered into an alliance with Splunk to integrate Splunk products and cloud services into Accenture's application services, security and digital offerings. In addition, Accenture collaborated with Salesforce to extend the capabilities of Salesforce Health Cloud, in May 2016.

Robust outlook for the cloud computing market and Accenture's significant presence in this market will provide it with opportunities to expand its client base and market share in the coming years.

Threat

Volatile and uncertain economic conditions

The company's results of operations are affected by economic conditions, including macroeconomic conditions, credit market conditions and levels of business confidence. There continues to be significant volatility in markets around the world, as well as economic and geopolitical uncertainty in many of the markets where Accenture operates. Differing economic conditions and patterns of economic growth and contraction in the geographical regions in which Accenture operates and the industries it serves will be affected and may in the future affect demand for the company's services.

According to IMF, the global growth is projected to remain stable at 3.4% during 2017 and 3.6% in 2018. The gross domestic product (GDP) growth in Japan is expected to be sluggish at 0.8% in 2017 and 0.5% in 2018. Similarly, the Euro region is expected to remain sluggish at 1.6% in 2017 and 2018. IMF also predicts downside risks related to shifts in sentiment and volatility in global financial markets, especially in emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters. Stagnation and low inflation would also affect the GDP growth in the Euro area and in Japan.

Such volatility and uncertainty has adversely affected and will in the future affect the company's clients and the levels of business activities. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on Accenture's results of operations.

Revenues may be adversely affected by currency exchange-rate fluctuations

Being a global company, Accenture's revenues are denominated in multiple currencies and may be significantly affected by currency exchange-rate fluctuations. If the US dollar weakens against other currencies, resulting in favorable currency translation, the company's revenues and revenue growth in the US dollars may be higher. If the US dollar strengthens against other currencies, resulting in unfavorable currency translation, the company's revenues and revenue growth in US dollars may be lower. Further, as the company continues to leverage its global delivery model, most of the expenses are incurred in currencies other than those in which Accenture bills for the related services. An increase in the value of certain currencies, such as the Indian rupee, against the US dollar could increase costs for delivery of services at off-shore sites by increasing labor and other costs that are denominated in local currency.

Conversely, a decrease in the value of certain currencies against the US dollar, such as the Indian rupee, could place the company at a competitive disadvantage compared to service providers that benefit from such a decrease and can, as a result, deliver services at a lower cost. Further, the company entered into many contracts to hedge the risks associated with foreign currency movements. However, these may not be able to hedge the risks completely. Thus, currency exchange-rate fluctuations may negatively impact the revenues of the company.

Intense competition

The company operates in a highly competitive and rapidly changing global marketplace and competes with a variety of organizations that offer services competitive with those that the company offers. The company competes on the basis of various factors, including service and product offerings, technical and industry expertise, contractual terms, scope of services, service delivery approach, and quality of services, among others. Accenture competes with large multinational providers, including the services arms of large global technology providers; off-shore service providers in lower-cost locations; accounting firms; niche solution or service providers or local competitors; and in-house departments of large corporations that use their own resources. Further, several of the company's competitors are more established in certain markets and may offer more aggressive contractual terms, which could negatively impact Accenture's ability to win work. In addition, vertically integrated companies are able to offer as a single provider more integrated services to clients than the company and therefore may represent a more attractive alternative to clients. The company's primary competitors include Atos, Capgemini, TCS, Infosys, Cognizant, HPE, CGI, Deloitte, and Wipro, among others.

Intense competition may increase the pricing pressures which would have a negative impact on the results of operations and revenues of the company. In addition, it would adversely affect the customer base and market share of Accenture.

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