Business Case Study

Analysis into Accenture

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Clare Kennedy 100763398
Claudia Ardanuy 101259021
Fani Hsieh 101253728
Lauranne Lejeune 101259019
Layinka Laval 101240606

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Executive Summary

Accenture is one of the world's leading professional service companies that delivers end-to-end services in a broad range of industries across many countries with its main services in strategy, consulting, application service and operation. The company operates globally with one common brand and business mode: - providing clients around the world with the same high level of services and solutions. Its business portfolio   is divided into five operating groups consisting of 1 communication, media & Technology, 2 Financial services, 3 Health & public services, 4 consumer products and 5 resources.

Accenture 's business strategy is focused on helping clients achieve specific business outcomes and enhance shareholders value by developing industry specific strategies enabled technology solutions. The design-led strategy capabilities & technology had helped enterprises transformation objectives possible with a focus on digital disruption, competitive agility, and the new business model. The company brings together expertise from strategy, consulting, digital, technology and operation to develop and deliver integrated services and solutions for clients. The firm has global delivery capability in which it uses resources from around the world which support all aspects of business to provide clients with price-competitive services. Additionally, the company investment in research and development to develop leading-edge idea, innovation provide competitive advantage and ability to sustain in the industry

Accenture Plc 's recorded revenue was derived primarily from Fortune global 500, Fortune 1000 companies, government entities and medium-sized companies. The principal competitive factor of the industry includes skills & capabilities of the people, technical & industry expertise, innovative service and variety of product offerings, reputation and client references, quality of services and solutions, service delivery approach and the company clients typically retain them on a non-exclusive basis.

Overview of Accenture Plc Case – Actual Situation

The purpose of this analysis is to assess how sustainable Accenture's existing strategy is in the coming years with consideration to how a post-pandemic economy looks like, anticipated slower industry growth, and a greater demand for technological adoption across business and borders.

Accenture Plc is a company that provides a variety of professional services, design & developed technology innovation, manufactured consumer goods and retails services globally; their services and products are sold to clients in several countries and involved in more than 10 industries. The company offers their customers varieties of products and services which include communications & media, High-Tech and software & platforms, banking & capital markets and insurance, Health & Public services, consumers goods, retail & travel services, life sciences, chemicals & natural resources, energy & utilities

Accenture Plc operates in a highly competitive and rapidly changing global marketplace, and it competes with a variety of organizations that offer services and solutions like those the company also offers to their clients. This includes large multinational technology global providers of hardware equipment & software, financial services firms, and many of them compete with aggressive pricing policy and low-cost structures.

Some of the industry competitors include IBM, IBIS world, Jacobs Omnicom Group Inc., Kirkland & Ellis LLP, KIO Network, Valores Corp. Softtek, Digital China Ltd, & Neusoft Corp. The competitors are group into large multinational IT and the service arms of global technology providers of hardware equipment & software, Off-shore service providers in lower-cost areas such as India., Accounting firms that provide consulting and other financial services & solutions and In house department of large corporations who use their own resources rather than engage an outside firm for similar services & solution

Over the year, the operation of the firm has been adversely affected by general risk and uncertainties that common to all companies in the industry which include

Global macroeconomic & geopolitical condition: -The Volatile, negative, or uncertain economic and political conditions in the global markets have undermined and might in the future undermine business confidence in the sector.

The ongoing unstable economic conditions, political volatility and uncertainty resulting from global pandemic that impacted on consumers demand patterns affect the firm 's revenue and profitability.

Mission

Accenture Plc is committed to delivering best service experience every day; creating experts and consumers around the world and helping clients become the next and best version of themselves through the promise of technology and human ingenuity.

Vision

To be consider as the #1 leading consulting firm that delivered superior services and innovative solution provider; creating quality & lasting solution that exceed expectation in solving clients' challenges and be perceived by their numerous global customers & allies as one of the world's leading companies that bring innovations to improve the way the world operates.

Accenture Objectives

The objectives of the company include among other, the followings

- Committed to delivering on the promise of technology and human ingenuity
- Provide high-quality, cost-effective high-tech solutions to clients worldwide
- Consistently delivering 360-degree value to their clients every day
- Continuously help clients measurably improve their business performance through innovative solution platform
- Enhancement of shareholder wealth and other stakeholder's interest
- Accelerate digital transformation to enhance competitiveness, grow profitability and deliver sustainable stakeholder value

Accenture Plc Strategy

The combination of end-to-end capabilities and deep industry expertise across the firm 's lines of business are unique in the marketplace, and these give the company ability to compete and drive synergy across in delivering tangible business outcomes for clients. It continues leverage on its unmatched position in the technology ecosystem as the largest independent service provider

The use of deep industry and functional expertise underpinned by technology, data analytics, artificial intelligence, and innovation have help clients capture more growth and solve a diverse business challenge

The company serves clients in three geographic markets (North America, Europe, and Asia Pacific & Africa) with capabilities from across the organization in Strategy, consulting, Interactive, technology and Operations with digital skills, industry and functional expertise in value delivering to their clients.

The firm's business strategy leverages on its global footprint innovation capabilities and strong ecosystem partnerships; consistently delivering 360-degree unique tangible value to its clients, communities, partners, and shareholders. Accenture Plc brings together expertise from across the organization & industries globally in creating this unique value for their clients. The strategy growth of the company defines the areas to direct research & development and create the value for all stakeholders every day. The technology innovative solution is the driver of change in companies and Accenture helps its clients design, develop & use technology to build their core digital to drive enterprise transformation. These include cloud, data security and artificial intelligence, embedding security and sustainability across companies

Accenture Plc uses its global resources & capabilities, to provides differentiated and innovative services that help clients measure improvement in their business performance which create sustainable value for their customers and stakeholders and its global delivery capability permit its ability to assemble integrated teams to provide high quality, cost-effective solutions to clients worldwide.

Strategy Alternatives

The company's global delivery capability helps to bring the right people at the right time to respond to client's needs. It provides artificial intelligence; industrial expertise and specialized capabilities, cost effective, foreign language and proximity to clients. It's committed to developing leading-edge ideas and technologies innovation that provide competitive advantage.

The company leverages on patent, trade secret, copyright laws and contractual arrangement and confidentiality to protect its intellectual property in innovative services & solutions. These include proprietary platforms, software reusable knowledge capital and maintains the policy to respect the intellectual property right of third parties. Presently have a portfolio of more than 8200 patents and pending patents application globally. The combination of expertise, assets, capability, and global network of more than 100 innovation hubs makes Accenture one of the leading strategy innovation partners for its clients. Deep expertise in innovation consulting, strategy, culture change and building new model through technology create the products and market of the future for Accenture It protects its brand name by rely on intellectual property laws and trademark registrations around the world

It combines creativity and technology to deliver meaningful experiences that drive sustainable growth and value for clients. The firm investments in strategic acquisitions, research & Development, assets, and industry and functional solutions become necessary as it helps to further enhance the company's differentiation and competitiveness in the marketplace. Its acquisition strategy fuels organic growth with focused on scaling business in high growth in new areas

Accenture Plc, as a global organization, recommended that the company should continually set environmental goals with innovating approach to environmental sustainability and making strategic investments, ensure participation with other companies to keep global warming below 1.5° Celsius and to achieve net-zero emissions by 2025 as a move to zero waste and plan for water risk. This in alignment with the Paris Climate Agreement and the UN Global Compact's Business Ambition

The company should further enhance its services differentiation & core competitiveness in the market by making more investment in strategic acquisition & solution. The firm needs more research in a new innovation that would create new unique features for its products & services with no strategic equivalents available from rival companies and carefully differentiate its solution with new features that help clients unlock value and transform their businesses.

Since technology drives changes, new lines of businesses are desirable. The firm should make significant innovative investment in new tech-evolution to design & develop new solutions, platforms, and services not available in the market and take advantage of being the sole firm that offers the new solutions even at premium price. The firm should also consider the possibility of becoming industry cost leader to cut down its operational cost much better than other market players when making investment decision in R & D

Sustainability in the marketplace would require

- Consistent introduction of new unique business lines not available in the marketplace
- Regularly adding new unique features to the existing solutions and services
- Committed to helping clients unlock value and transform their businesses
- Delivering 360° value on the promise of technology and human ingenuity
- Consider as a trusted partner with long-term client relationships and a proven track record for delivering on large, complex programs that drive tangible value.
- Continue to provide a broad range of services with a unique approach that integrates service experts around the world.
- Design & develop new solutions, platforms, and services not available in the market

Macro Environment

Key Success Factors

The management consulting industry expands in parallel to aggregate public and private investment. As people and organizations spend more on equipment, technology, and human capital, they also seek out consultants to optimize their return on investments. Conversely, the procyclical nature of the industry means that a drop in aggregate investment will drive down demand for management consulting services. An industry operator's long-term success can be secured if they can negotiate large multi-year contracts with government entities.

Brand recognition and reputation: Businesses rely on word-of-mouth and credible sources to vet consulting firms. Accenture prides itself in maintaining a world-renowned brand, making the

Interbrand list of best global brands for 19 consecutive years (Accenture Annual Report 2021). A consulting firm can further raise their reputation through contributions to leading edge research and professional association engagement.

Attracting and retaining highly educated talent is crucial to the survival of consulting firms. Human capital is of even greater importance when competing on a global scale. Operators in management consulting have to leverage a great deal of expertise and training to implement sophisticated processes and technology in a multitude of end-user industries. Consultants differentiate themselves by the quality and service they offer. Successful firms are those that strike a healthy balance between a competitive price, healthy profit margin, and attracting high-quality subject-matter experts.

Technology: Firms must introduce technology that has a strong track record of developing and sustaining a competitive edge. Industry operators who can leverage technology to improve their own efficiency, lower costs, and deliver more with less inputs will capture more market share. The earliest firms that offer the latest technology to clients will be able to capitalize on first mover advantage. Remote work transcends borders, lowering cost of entry into emerging economies to tap into a greater pool of customers or a qualified workforce.

Key Risk Factors

Just as positive client success stories beget further success, the opposite is true to a greater magnitude. Accenture charged the US government $40,000 per recruit—more than their annual salary— in the Customs and Border Protection unit before the issue was brought to light in 2018. The contract was months later. The British government enlisted Accenture to overhaul their National Health Service but Accenture withdrew after running into delays and cost overruns after having already spent $110 million British pounds on the project. Publicizing case studies with poor outcomes impairs the public's perception on consulting services, branding them as opportunistic frivolous expenses making it difficult to win future business.

Interest rate hikes in the US and abroad will lower businesses' access to credit and their demand for consulting services. When a customer needs to borrow to finance hiring an external consulting firm, the final price to the business will be higher. Subsequently, the consultants will need to deliver a greater return on investment to overcome the increased cost of capital.

PESTEL Analysis

POLITICAL, LEGAL, AND REGULATORY: There is light to medium level of regulation in the industry as most professionals are self-regulated (accountants, management consulting, lawyers, cybersecurity). Professional associations ensure its members continuously develop their expertise, establish new policies to address changing environments, and enforce compliance to uphold standards and reputation.

The Sarbanes-Oxley Act (SOX) of 2002 following the Enron crisis effectively means companies will not offer both consulting and auditing services to the same client. This legislation lowers saturation as more firms can service the same client and may cause the public to perceive professionals as more trustworthy. To the same effect, the SOX came about to protect investors from accounting errors and fraudulent financial reporting. The Enron crisis and similar scandals undermine public trust in the industry.

Government assistance for businesses overcoming the COVID-19 shutdowns has had a very positive effect on the industry. Consultants benefited through an increase in government and private spending. Governments granted large-budget, long-term government HR and infrastructure contracts to consulting firms and downstream businesses used government grants to invest in their operations and IT infrastructure. The increase in governmental financial support also created new demand for accountants and lawyers for businesses navigating such federal assistance programs.

Governments recognize the increasing importance of investing in IT infrastructure. For example, the Chinese government announced substantial backing to its domestic technology and information technology industries with steep tax cuts, tariff exemptions, access to investment funds, contracts with government entities, and creation of education institutions to further along leading edge innovation (Murphy 2020). The US federal government will drive demand for these services domestically over the next 5 years with large infrastructure spending and continued investment by downstream businesses. Accenture's largest clients are government entities so there is a lot of room for growth in emerging markets where IT and management consulting is less prevalent.

ECONOMIC: The global consulting industry moves closely in tandem with the economy. The US consulting market is the backbone of the industry, representing nearly 50 percent of the estimated value of the world's consulting industry (Consultancy.eu 2020). When the US economy began its longest bull market in its history, the consulting industry enjoyed higher business revenues and budgets. Likewise, consulting expenditures are typically the first to be slashed during economic downturns. Estimates of the value of the global consulting market range from $120 billion to $280 billion depending how narrow the definition. Despite reaching 5.5 percent in global economic growth in 2021, the recovery following COVID-19 is expected to soften to 3.2 percent in 2023 due to flare-ups of new variants, waning pandemic fiscal support, persisting supply bottlenecks, conflict in Russia-Ukraine, inflationary pressures, and the financial stress of record-high government debt levels (Global Economic Prospects 2022, Appendix). Global inflation is higher due to elevated food and energy price and precarious supply disruptions. The need to digitize and participate in the Fourth Industrial Revolution counteracts downward pressures from remnants of pandemic woes, economic uncertainty, GDP slowdown, and contractionary monetary policy. As such, the management consulting industry worldwide should expect moderate growth in the coming decade inline with US GDP growth of ~2% in the same period. Economists at TD Bank estimate the US will continue to grow at roughly 1.8% long-term. Business investment will deflate from 7.4 percent in 2021 to a steady 2.2 percent from 2025 to 2027 (Preston 2022). The specific performance of individual consulting firms will depend on their clientele with those servicing more recession-resilient industries such as pharmaceutical and healthcare outperforming their counterparts that serve clients in hospitality and travel.

SOCIO-CULTURAL: Around the world in 2020, government mandated social distancing to curb COVID-19 popularized work-from-home arrangements. The need to quickly digitize and allow for remote work increased demand for IT consultants and offset the loss of clientele in industries that were more heavily hit by economic shutdowns. Remote work also allowed firm operators to service customers that were previously geographically out of reach, helping further expand their impact and diversify across industries and economies.

As digitization and remote work becomes more ubiquitous, so does cybersecurity attacks and ransomware. Breaches are becoming more commonplace and Canadian banks have already begun asking borrowers for cybersecurity risk management protocols. Attitudes surrounding cybersecurity are shifting from seeing it as a "nice-to-have" to an essential part of their overall security system alongside physical locks on doors and cabinets.

Accenture's workforce across their consulting and outsourcing divisions reside mainly in the Philippines, US, and India. To keep abreast with the increase in demand for consulting and outsourcing services, consulting firms must be able to hire and train workers. The population in the three respective countries are projected to increase with India accounting for more than double the population growth and volume. This suggests there will be enough capable candidates to satisfy growing demand.

TECHNOLOGICAL: Firms in the professional services and consulting industry leverage patents to sustain their competitive advantage. The industry relies on expertise and knowledge capital to serve customers and differentiate themselves from one another. Patents reduce or slow down imitation, marking the industry competitive space as one of a medium-to-fast-cycle. Accenture alone invested more than $1 billion USD into innovation and intellectual property in their fiscal 2021 year and to protect their investments with more than 8200 patents or pending patent applications (Accenture Annual Report 2021).

Rapid adoption occurs with every new innovation but widespread penetration is limited due to non-technological barriers such as lack of infrastructure that limits access to electricity and reliable internet, literacy, and inadequate workforce training. Consulting firms should seek to expand operations in places with such regulations in place to support diffusion of technology. A proxy for this would be the penetration of internet usage in global populations. Access to internet can also advise on which regions can provide outsourcing services. Unsurprisingly, the regions with the highest internet penetration rate also account for the greatest share of total revenue for Accenture. Using this information, the next opportunities should be Latin America, the Middle East and Oceania/Australia. See appendix for full table.

A survey over 150 white papers from leading consulting firms found that the most common theme was digital transformation (Feldman 2019, appendix for tree map) where digital transformation is defined as the integration of technology into all areas of the business, changing how a business operates and communicates with its customers. The first wave of digitization focused on translating analog information from paper to digital computer files. This next wave of digitization is replacing the old analog-based ideas on how to find information in folders or directories, share, and use information. New methods make data always instantly accessible to easily and quickly retrieve and use information. The second most popular theme addressed hiring strategy and using more contingent workers as individuals favour more flexible schedules and switch jobs with greater frequency. Lastly, consultants are discussing artificial intelligence and automation and its impact on every aspect of the business. Successful business and IT consulting firms must integrate the latest technological advances into their own business practices as well as effectively deliver it to their customers.

ENVIRONMENTAL: Climate change and scarcity in natural resources has a small indirect impact on the industry unlike other weather-dependent industries such as tourism, farming and insurance. However, as climate disasters increase in frequency and severity, entire economies bear the burden of economic losses and mortality. Heatwaves, droughts, forest fires, landslides, and floods cause an average $202 million USD in damage every day in the 50-year period from 1970 to 2019. Losses in the recent decade reviewed represent more than 7 times the first decade (WMO 2019, appendix). IT and business consulting firms consume energy when their workforce travels to/from offices, clients, and work on-site. Thus, firms must incorporate replacing renewable energy usage, smaller carbon footprints, and zero-waste initiatives in order to remain competitive. Globalization means firms rely more and more on an international workforce and must plan for natural disasters that cause massive and enduring supply chain disruptions and loss of life. Firms can mitigate the impact by diversifying geographically such that workers can continue to work remotely and computer networks/servers will remain online when environmental disasters inevitably occur. Firms can leverage and emphasize how effectively they overcome environmental setbacks as a demonstration of their reliability and competitive edge over competitors.

SUMMARY: Infrastructure spending in the US, Europe and China means multiple sectors in the consulting industry will have an opportunity to grow in the near future. Depressed real global GDP forecasts for 5 to 10 years out suggest there will be a period of stagnant or low growth in the medium and long-term. Populations and immigration are anticipated to keep pace with the continued demand for consulting services. Research into the latest technology such as digitization, cloud computing and artificial intelligence will help determine which firm will pull ahead via first mover advantage, patenting innovation, and establishing a reputation as a thought leader in their area of expertise.

Consulting firms are vulnerable to budget cuts in economic downturns and must strategize to make themselves indispensable in spite of recessions. Spending on advisory services often comes out of discretionary income so industry operators will need to better communicate the value they bring to their audience and end-users. Tumultuous political strife and convoluted government programs increase volatility and degrade investor confidence, but also represents an opportunity for firms to carve a niche where many would balk and retreat.

Industry Analysis

Strategic Group Map Analysis

Accenture can be analyzed and compared to its competitors through its focus on consultancy and its technological leadership. The firm has a strong focus on providing IT solutions and is referenced under the 541512 NAICS code that stands for the Computer Systems Design Services Industry. However, Accenture also has a strong focus on strategic consulting, which is one of the four services that it provides to its clients. (Strategic group map can be found in the Appendix)

Tata Consultancy and Capgemini have a very similar position to Accenture, which makes it relevant to include them in a strategic group map analysis. Both companies provide consultancy services to their clients and put a strong emphasis on technological leadership. Depending on their current needs, clients could also turn to Deloitte for their renown in the management consulting industry. The brand is still perceived as having a high technological expertise, but to a lesser extent than Accenture or Tata Consultancy for instance.

Clients that need an increased focus on management consulting are more likely to choose McKinsey than Accenture because what differentiates Accenture from such consulting firms is its focus on IT solutions. A narrower analysis might therefore exclude McKinsey from the strategic group map but we opted to include it because we thought it was interesting to show companies that focus almost exclusively on one dimension of the analysis, namely consultancy or technology. IBM focuses on the latter; the firm is an IT leader and could therefore capture a portion of Accenture's market but does not specialize in consulting.

Another aspect that differentiates these six companies is their revenues. Accenture's latest annual report states that "competitors include large multinational IT service providers, (...) firms and consultancies that provide consulting and other IT services and solutions" (Accenture, n.d.). In this report, the firm also recognizes that some competitors have greater means, which pushes Accenture to be more innovative and can represent a significant threat. Companies such as IBM and Deloitte indeed had greater revenues than Accenture in 2021 but they do not benefit from the same positioning of Accenture which is at the intersection of IT services and consulting. Tata Consultancy and Capgemini however are more similar to Accenture and might therefore represent a greater threat to the brand even though their annual revenue is currently smaller than Accenture's.

Driving Forces Analysis

MARKET SIZE: Market growth should only approach two percent over the next few years which is not likely to attract many new entrants. However, this might not imply less competitive rivalry because incumbents are used to higher growth rates and will likely want to increase their market share to maintain historical record-breaking revenue trends despite the lower overall industry growth rate.

LONG RUN GROWTH RATE OF DEMAND: The industry also suffers from bad press and is considered by many to be a frivolous expense when it is used by governments. A recent scandal took place in France when citizens learned that the president had commissioned McKinsey to write a report about education. The government paid €900,000 for the consulting report, a cost that individuals found unjustified. However, many companies will likely need consulting firms' expertise to keep up with recent technological advances.

LEARNING: Companies that have been in the industry for many years possess unique knowledge and some firms such as Accenture have an impressive number of active and pending patents. This makes entering the industry more difficult for other organizations. Moreover, clients are increasingly informed and will have higher expectations. Consultants should consider the growing concern for the environment and avoid greenwashing in order to not suffer from public backlash.

INNOVATION: is another important driving force of the consulting industry. Since consultants mostly trade knowledge, it is crucial to continuously innovate, protect these innovations through patents and anticipate technological trends.

COST OF INPUTS: The pandemic has proven that working from home is a viable solution which will decrease consulting firms' expenses. Many travel expenses can now be avoided through the use of videoconferencing tools. However, organizations might struggle to recruit enough consultants seeing that individuals are now striving towards increased work life balance. It will therefore be more difficult for consulting companies that are known for overworking their employees to attract top talents.

In conclusion, the industry driving forces mostly represent a challenge for organizations who wish to engage in consulting. The industry's growth is and will remain rather small in the next few years, competition is likely to increase and the lifestyle that many consultants currently have might represent a threat to finding the right human capital, which is essential to consulting companies. The industry seems rather unattractive from this perspective. Firms that are well established and are willing to innovate should however be able to mitigate these threats, at least to a certain extent.

Porter's Five Forces

THREAT OF NEW ENTRANTS (LOW -7): Companies could technically enter the consulting industry quite easily. Consultancy does not require specific installations and is mostly reliant on human capital. However, in order to be successful, such firms need brand recognition and building a good reputation can be time consuming. Trust is particularly important in the industry, seeing that consultants typically deal with sensitive issues and have access to confidential information. Renowned consulting organizations' past successes with previous difficult cases also attest to their professionalism. Moreover, consulting firms can be confronted with conflict of interests if their clients are in direct competition with one another. This increases the importance of being perceived as a reliable and trustworthy fiduciary for organizations that engage in consultancy. Firms that are well established will therefore have a considerable advantage as opposed to newcomers in the industry who will have to build trust and establish their reputation over time. In addition to that, consulting firms typically need top talents and new entrants will be perceived as less attractive and prestigious as an employer than renowned companies. If one also considers the fact that some consulting firms - such as Accenture - have a technological focus, it becomes very difficult to be able to compete within the industry as a new entrant. Therefore, the threat of new entrants is relatively low.

POWER OF SUPPLIERS (LOW - 9): As a service industry, consulting does not heavily rely on suppliers. Consulting firms' success is mainly dependent on human capital; it is by having the right talents within the company and by building relevant expertise that these organizations thrive. Their main assets are their reputation and their employees. The situation would be different if consulting companies produced goods but what clients seek is the firm's knowledge and, in some cases, IT solutions. In such situations, consulting firms that do not develop IT solutions internally but rather act as an intermediary would be reliant on suppliers. If these solutions are unique or technologically innovative (and protected by a patent for instance), suppliers' power would substantially increase, but so would the threat of forward integration from suppliers. However, leaders in the consulting industry likely have significant bargaining power even in such situations due to their ability to bring a considerable number of new clients to suppliers' by recommending their products.

POWER OF BUYERS (MODERATE - 6): Switching costs are high due to the fact firms typically need to trust the consulting firm they hire. These costs are increased by the sensitive information consultants possess once they have worked with an organization. Companies face a higher risk the more they share confidential information and will therefore likely prefer to stay with a given consulting organization. Moreover, clients from consulting firms that also provide IT services will have higher switching costs. Organizations that built their processes and ways of working using a given IT solution will need to retrain their staff and rethink the way in which they wish to proceed with the new solution.

THREAT OF SUBSTITUTES (HIGH - 2): Companies could easily find solutions and train individuals in-house rather than hire a consulting firm for their needs to grow, launch new projects or reorganize and fix important issues. The threat of substitutes is high, especially considering the significant cost of hiring consultants. Consulting firms that focus on technological innovation will likely be able to mitigate this threat because research and development costs that companies would face to match consultants' knowledge - and potentially file for patents - would be prohibitive.

INTENSITY OF RIVALRY (MODERATE – 5): Leaders in the industry have significant revenues and clients can only choose from a few top consulting firms. These organizations have the means to compete with each other. The PESTEL analysis has also shown that growth will probably not be outstanding in the coming years and economic difficulties might mean that less companies will have sufficient means to hire consulting firms, which might increase the intensity of rivalry within the industry. However, switching costs are high and consulting companies typically offer tailored solutions to their clients. Their products are highly differentiated. These factors decrease the intensity of rivalry in the industry. The threat of intense competition can therefore currently be described as moderate.

In conclusion, the industry is moderately attractive. Suppliers and clients have very little bargaining power, rivalry is currently not prohibitive but could increase due to the lower expected growth rate of the industry, and the threat of new entrants should not be a concern. However, consulting can be considered a frivolous expense and clients are therefore likely to find solutions internally.

Summary of Overall Industry Attractiveness

In conclusion, the consulting industry is moderately unattractive, mostly due to the overall growth rate that has been declining and is not expected to go back to its original record-breaking peaks over the next few years. This might also increase competition between incumbents. Well established firms should still be able to thrive if they remain innovative but should nevertheless know that placing themselves at the intersection of consulting and providing IT services is no longer a unique feature. Accenture, Tata Consultancy and Capgemini already benefit from this interesting position. Accenture is currently the leader in that portion of the market based on its recent annual revenue. New entrants will have to provide innovative value propositions in order to capture a significant share of the market.

The driving forces analysis revealed some concerning issues. Consulting firms should monitor public opinion and tend to their reputation. Clients are increasingly informed and will have higher expectations. Consultants should protect their innovations through patents.

The PESTEL analysis provides a more positive outlook on the industry while still urging consulting firms to provide compelling value propositions. Clients could otherwise not consider that consulting is essential and might wish to address issues internally.

Business Unit Analysis

Porter Value Chain Analysis

SUPPLY CHAIN MANAGEMENT/ IN-BOUND LOGISTICS: Since Accenture is a service-based company, its products are mostly intangible and technology-based. Inbound logistics does not play the role that it might in a company that creates a lot of products. Accenture focuses on ethics and sustainability in its supplier relations and has specific requirements and helpful references for current and potential suppliers (Accenture, 2021a). It holds most of the bargaining power with its suppliers because of its stipulations, such as a strong vetting process, risk analysis, and ethics and compliance required of suppliers.

OPERATIONS: Accenture operates in over 120 countries in the main geographic regions of North America, Europe, and various "Growth Markets" (Accenture, 2021b, p. 78). It serves clients in its five industry groups – communications, media & technology, financial services, health & public service, products, and resources. It provides the following services to these clients: strategy & consulting, interactive, technology, and operations. Accenture provides management consulting services; after consulting, it creates technology and tools for clients to improve their business, become more technologically adept, and increase sustainability and efficiency. The broad scope of the resources it provides and the many industries they can be used in makes its services relevant for as many people as possible, enabling Accenture to become a desirable service provider.

OUTBOUND LOGISTICS/DISTRIBUTION: Accenture relies little on physical distribution. Instead, it relies on consulting with clients to understand their needs, and then providing digital solutions that may be intangible, or more conceptual in nature. Because of this, it can avoid the cost and time required to ship products and can focus more on creating a valuable service and applications for clients.

MARKETING AND SALES: Accenture excels in marketing its services. It needs to rely more on its brand image and overall services rather than a specific product, so strength in marketing is key to its success. Its marketing campaigns feature attractive images that show how it transforms companies (Valens Research, 2013). The focus is on the "C-suite," meaning the strategic forces at the top of corporations, such as the CEO and CFO, and to attract their attention, Accenture highlights its big performance and wide scope of services, while providing entertaining and informative imagery (Stevie Awards, 2022). It has developed a distinguishable unique logo which is visible in all its marketing. Accenture also uses case analyses to market its services and showcase real world examples of its work. Many of these are available on its website.

FOLLOW-UP SERVICE: Making sure customers are satisfied is an important part of Accenture's strategy to ensure that they will be continuing customers and take advantage of other services.

Accenture maintains a contact centre where customers can reach out for assistance. This is an area that provides opportunities for new growth and outreach.

PROCUREMENT: Although it is mostly service-based, Accenture is highly focused on having good relationships with reliable suppliers who share its values. Suppliers must meet ethical and sustainability requirements, and it has guidelines to govern their interactions. It works with partners such as Adobe, Oracle and Microsoft to create its solutions.

TECHNOLOGICAL DEVELOPMENT: The heart of success at Accenture is the technological resources and experiences that it has developed to share with clients and help them improve in every area. Its technological solutions are unique and extremely valuable intellectual property. Examples include the Accenture Intient Capital suite to help regulatory bodies manage their clinical trial data (Accenture, 2022), and Accenture Cloud First, its cloud service to integrate its internal systems and abilities (Accenture, 2021c, p. 7).

FIRM INFRASTRUCTURE / FINANCE: Accenture has steadily grown over the past few decades to have a high market capitalization – in 2022 having a market capitalization of $216.65 billion, which is quite a fall from 2022 but still the 50th most valuable market capitalization in the world (Companies Market Cap, 2022). Its investor returns in dividends is very high, and its acquisitions are strategic to add a competency, such as the recent acquisition of Trancom ITS, and Alfa Consulting, which will help them offer relevant solutions to Japan, and Spain, Portugal and Mexico. It uses financial resources to make investments that will benefit the company and is focused on becoming a more sustainable company that provides value in every area.

HUMAN RESOURCES: Accenture's staff is one of its greatest strengths as the people are the drivers of its innovative solutions. Accenture believes that "at the heart of every great change, is a great human," so ensuring that its staff are provided an excellent orientation program, growth opportunities, and clear ethical guidelines as employees (Accenture, 2022).] Its IT staff are an important resource that it has developed, and it has a special Service Now application to give its staff access globally to IT resources (Accenture, 2022). It has also remained committed to education and learning because this is the food for increasing performance and harnessing capability (Vanthournout, 2006).

Competency Analysis (VRIO) and Core Services

See Appendix for table following the VRIO framework.

Accenture has consistently remained a desirable service provider of management consulting globally. Its core competencies include the wide scope of its services, its brand, its technological innovations, its workforce, and its financial success and stability.

It offers a very wide scope of services, allowing it to take advantage of niche markets in a huge variety of industries, from financial to government, to supply chain management to energy and natural resources. This is a rare means of operating, costly to imitate, and is not easy for customers to find in another similar firm. Most competitors focus on a narrower set of industries to serve. This gives it a very sustainable competitive advantage, as it has many industries to provide revenue.

Its brand is recognizable and reputable, and it strives to associate itself with ethical governance and sustainability to move forward in the modern world. This creates value for customers, and while it is not rare to have a recognizable brand in this area, it can take a long time and excellent marketing to develop a brand image – it is costly to imitate. Other brands may be substituted such as IBM or Deloitte, so it is important to keep customer loyalty.

Its core competencies include strong technological innovations to provide solutions for clients, and a highly skilled ethical workforce that is constantly growing. Its technology and innovative solutions such as cloud-based solutions is intellectual property that gives it a good advantage in an ever adapting world relying evermore on technology. These are difficult to imitate, while they may be substitutable by other forms of technology. For example, other companies could have similar cloud-based technology. The highly skilled workforce is very valuable, and while not rare, it is costly to build up a workforce of similar caliber, and not easy to substitute with automation or lower skilled workers.

Finally, Accenture's financial stability and continuing ability to generate revenue and profit is a valuable resource. It allows important acquisitions to happen and attracts investors. Many other companies are also in similar states of financial success, but it is important to maintain this so that it can continue to consult effectively with clients and develop more technological solutions.

Accenture's core services are strategy and consulting, interactive, technology and operations. Each of these is an area in which its staff provide solutions for clients in many industries, including healthcare, natural resources, supply chain management and communications. The solutions are geared to each industry. End products that result from these core services include many different innovative technologies and systems. In the appendix, there is a list of some of the end products from Accenture's core services, but there are many more than these.

MISSION STATEMENT: The mission statement of Accenture is "helping clients create their future" (Path Match, 2020).

OBJECTIVES: The main purpose of Accenture is "to deliver on the promise of technology and human ingenuity to help our clients become the next and best versions of themselves" (Accenture, 2022). Further goals that work to achieve this purpose are:

- To create 360 degree value for clients
- To remain committed to ethics, human rights and strong corporate governance
- To create one global network
- To create an atmosphere of respect for the individual
- To attract and keep the best people
- To act with integrity, ethically and responsibly, and with stewardship

Financial Statement Analysis

Accenture's current ratio has decreased a fair amount since 2019. In 2021, it was 1.25, down from 1.40 in 2020 and 2019. This is still higher than the average current ratios for American companies in management consulting in 2020 which was 1.07 (Ready Ratios, 2022). Increasing cash and accounts receivables and reducing short term liabilities would help to increase the current ratio. From a horizontal analysis of the balance sheets from 2019 to 2021 (see Appendix), it is clear that current liabilities have increased faster than current assets. The current portion of long-term debt has risen the most of the current liabilities, almost doubling from 2019. Accenture may have taken on more loans in this period that are increasing the current part that is due. Most current assets have risen, except cash, which could mean the company is not collecting as fast as they need to. Short-term investments took quite a drop from the dramatic increase in 2020, so they may be focusing on more long-term projects. The quick "acid test" ratio is over the benchmark of 1.1 (see Appendix), although it has decreased from 1.29 to 1.14 since 2019, likely partly due to a decrease in cash and increase in liabilities. Accounts receivable turnover is quite high, which suggests that there could be difficulty with collections that have increased after a drop in 2020 (see Appendix). Interest coverage is high, which means there are little problems with paying off interest, and in 2019 and 2020, there was interest income rather than expense overall (see Appendix).

Based on a vertical analysis of Accenture's income statements from 2019 to 2021, most items have risen slightly (see Appendix). Cost of sales has slightly decreased as a percentage of revenue by 1.9%. Sales and marketing, and general and admin expenses have slightly increased by close to 1% of revenue, but operating expenses as a whole slightly decreased. Net income slightly increased by 1.85% as a percentage of revenue. Overall, the relative proportions have remained the same in terms of percentage of revenue.

Based on a horizontal analysis of Accenture's income statements from 2019 to 2021, almost all items have increased from 2019, except for other income, which has dropped to other expenses (see Appendix). Interest expenses have increased the most, by 259%, which could mean there has been debt added since 2019. Revenue has increased a bit more and faster than cost of services, at 17% compared to 13% cost of services. General and admin costs are the highest cost increase by 135%. Net income has increased 20% more in comparison to total operating expenses, which is more than revenue. Overall, the changes are good, but Accenture should work at reducing costs to keep them from rising at a higher percentage than revenue.

Profit margin ratio remains pretty similar, increasing from 11.21% to 11.85%. It has increased from 2019 to 2021 but not by much (see Appendix). Earnings per share has increased from 2019 to 2021 by almost a couple of dollars, both basic and diluted. Dividends for shareholders have increased as well, from $2.92 to 3.52 per share (see Appendix). These are all good signs of increasing financial success. Accenture should work on increasing its profit margin ratio.

An analysis of Accenture's return on assets shows how efficiently the company is generating profit from its assets. Accenture's total assets increased from 201 to 2021 by around 20%, alongside its net income, but the return on assets ratio actually slightly decreased by around 2%. Accenture may need to work on increasing sales revenue, rather than making acquisitions, so that it can increase its fairly low return on assets. (see Appendix).

Accenture's debt to equity ratio, which measures the company's financial leverage, hovers around 50% but has increased by a few percent from 2019 to 2021. It is lower than one, which is good, meaning the debt that it has taken on is mostly financed with its equity, rather than its assets, leaving assets more free to use for other means, such as acquisitions.

By assessing how effectively a company retains and reinvests its profits, one can assess the company's earnings growth potential. Accenture's return on equity has decreased slightly, from 31.15% in 2019 to 29.61% in 2021. This is still a decent performance and win for Accenture's shareholders. It is pleasing to note that Accenture has a higher ROE than the average (17%) company in the IT consulting industry, which is positive. (see Appendix).

Summary of Overall Firm (Un)Attractiveness

Accenture is an attractive business. It remains at the top of its business sector, with a renowned global brand, and ability to adapt to the current trends in the world. It takes advantage of its strong competencies, including its technological innovation and intangible assets, its skilled and valuable workforce, and its strong brand and reputation. It has access to many customers and many markets across the globe, which makes it versatile and able to leverage niche markets and create many streams of revenue. Some of these are rare and costly to imitate or substitute, which gives it a strong and sustainable competitive advantage. Over time, it continues to grow in revenues, and stock price, and continues to operate at an income, not a loss. Even amidst the changes of the world due to the ongoing Covid pandemic, its financials remain strong. Revenues and net income continue to increase, and while some work needs to be done reducing liabilities and specifically debt compared to assets and increasing net income compared to revenue, these remain strong. It continues to make strategic acquisitions, and its directors are very optimistic about the growth and value it can create going forward. Its commitments to learning and growth, innovative technologies and solutions that apply to a wide range of industries, and its focus on ethical, responsible and sustainable governance and operations will ensure that it continues to succeed in the future in 2022 and beyond.

Strategic Issues

Corporate Level Issue

As mentioned previously, Accenture's business is managed by three geographic markets (North America, Europe, and Growth Markets) rather than operating groups. The company plans on establishing a global industry program and expanding market penetration by industry. As part of the change, Accenture will expand its Global Management Committee to encompass a broader representation of both its services and geographic markets.

It is at an unprecedented time of change for its clients that Accenture is making these changes. Their success today has been driven by digital and technology, requiring enterprise-wide change and continuous innovation. Disruptive technologies blur traditional industry boundaries, calling for cross-industry expertise. Technology, geography, and industry are driving this disruption and other changes.

Having taken into account these challenges, Accenture is increasing its agility so that it can offer its clients a unique range of services, from strategy to operations, with a strong digital focus. In addition to these services, the company provides applied intelligence and in-depth expertise across multiple industries. Through its unmatched global and local operations network, as well as even closer collaboration with its ecosystem partners, Accenture will accelerate innovation by moving seamlessly between global and local environments. These changes will make the company an even stronger partner of choice for transformation and innovation.

With its last changes, Accenture had demonstrated an exceptional ability to identify and capitalize on new opportunities in the most strategically significant, high-growth segments of the market. The changes are intended to increase the firm's ability to anticipate client needs and market changes.

“Our growth model has always been a source of competitive advantage for us,” said one of Accenture’s managers. “In 2014, we created Strategy, Digital and the Growth Markets to grow our capabilities and position Accenture for the next waves of growth. Now, in 2020, with number one global market share and at about 65% of revenues in the New, we are changing to better serve our clients today and tomorrow and continue to scale from over 500,000 people and $43 billion in revenue.” (Accenture 2020)

Business Level Issue

In both its up-front strategy as well as its down-stream execution work, Accenture Strategy is sharply focused on all things digital and technology. Regarding its organization, the company is structured into five macro-business areas: Communication Media & Technology, Financial Services, Health & Public Sector, Resources, and Products.

As a result of the pandemic, the company estimates that the major impacts will result from a reshaping of interconnected value chains and a restructuring of the global economy driven by long-term changes in consumer behavior. It analyzed three trends characterized by significant shifts in value: avoiding public places, flying less, and spending differently.

In their research, they found that more than US$3 trillion could either shift to other sectors or be lost altogether, causing losses for many people but opportunities for those who accurately anticipate the impact.

Since COVID-19, there has been an evolution on the company’s corporate strategy but also on its business units. A record number of 2020 projects have been cancelled; yet Accenture reported record bookings of $49.6B ($14B in Q4 - Accenture's second highest quarter ever) for its fiscal year and ended with a 3% increase over last year.

Julie Sweet, CEO of Sweet International who helped developed Accenture’s M&A strategy, said the company had a great year going into the end of February, but growth decreased once businesses started to react to the rising pandemic. While Accenture did its best to soften the blow by implementing cost-cutting staffing changes, acquisitions accounted for most of the company's growth this year.

Staffing changes in the Human Resources department made this year differ materially from their usual actions. During 2020 and 2021, the company made huge changes affecting all its business units. The company spent more than $50 million on bonuses and promotions for more than half of its employees in India. They also announced a hiring freeze and layoffs of 5% of their staff which equates to roughly 25,000 employees. Additionally, as part of its shift in strategy, the company will invest heavily in digital transformation and the cloud by committing $3B to its cloud-first division in India with plans to hire 70,000 professionals.

While Accenture reorganizes and advances its cloud-first capabilities through digital transformation investments in India, its swift and aggressive efforts to reduce or eliminate subpar performers could lead to short-term talent shortages. In the short term, Accenture's customers should focus on ensuring that key personnel on their projects are retained.

Even as Accenture has been reshaping their workforce internally, they have also taken steps to acquire companies in their areas of greatest growth potential. Despite the fact that they will not hire to replace the 5% of employees who are leaving in 2021, acquisition activity could compensate for the short-term shortage of talent.

Keeping tabs on the Mergers and Acquisitions (M&A) activity of key providers is a great way to understand where the vendor may be headed strategically. Accenture continued its acquisition activity aggressively in 2020 and 2021, making 24 additional acquisitions after having already acquired 20 organizations in 2019.

Accenture's digital and cloud competencies will be further enhanced through these acquisitions, as well as their global delivery capabilities. For example, the five acquisitions below are each from different countries and cover consultancy services for AWS, ServiceNow, and SAP.

Accenture has increased its focus on the cloud market in its Communication Media & Technology group, as evidenced by the massive brand relaunch Accenture has conducted just recently. The company is invested $90M annually in its "Let There Be Change" campaign, created by advertising agency Droga5, which Accenture acquired in April of this year. In March of 2020, the company announced a new model of growth that includes hiring twice as many leaders as the previous model. This significant investment will support this new growth model.

Since 2014, Accenture has been increasing its focus on the cloud with the goal of becoming 70% focused on digital, cloud, and security by 2020. Its goal was achieved in September 2020 which was likely aided by the several acquisitions that aligned with those key themes. Though the pandemic didn’t cause Accenture to shift their overall focus, it has likely given them reason to accelerate their efforts in order to succeed in a suddenly more digital and cloud-based world.

Strategic Alternatives

Accenture remains a successful competitor in its industry, but there are many pressures with global and technological changes that make it imperative to keep ahead and develop strong strategies to grow moving forward. The changes that will help Accenture the most are not dramatically different, but rather adaptations of its current strategies.

In a globally unstable world that is still plagued by a pandemic, it is perhaps important to focus more on shoring up current capital, resources and talent, rather than focusing on acquiring them from outside. One way of keeping the strong talent that Accenture possesses in such a climate is to focus on offering employees the resources they need to navigate such a time, with remote options continuing to be offered and good benefit plans and growth training. The people at Accenture are one of its core resources and making sure its people are satisfied is key. Staying internally strong can help a company weather times of global chaos.

Customer demand remains high for the services that Accenture offers, but Accenture has a very wide customer range, and this can pose some challenges. It should continue to maintain its influence in most of its current areas, but it should do analysis to make sure that each one is profitable, and if there are falling customers in one industry, it must research how it can become more relevant to this particular group, or if it needs to take a step back. For example, according to the 2021 Annual Report, the resources division of Accenture has the lowest revenues so perhaps it needs to assess whether this is an industry it should be helping, or if it needs to do more work to understand how it can serve this industry best and increase revenues.

Accenture thrives on its customized service experience, so a differentiation strategy is one that will continue to be its stronghold as it is difficult to standardize its services. With its focus on the cloud though, this can help to reduce some costs and create similar digital portfolios that it can adapt for each customer but with a more standard template. With many competitors in its industry, Accenture must create more unique solutions that help it stand out from other companies. Its sustainability initiatives are helping to differentiate its experience, but it is important to try to develop more unique customer experiences. Some examples could be a more personal after-service team, or perhaps free courses customers can take with Accenture to become more knowledgeable clients.

Accenture continues to grow by making strategic acquisitions of partners who have a unique skill set, or can help them expand their capabilities in areas like e-commerce, supply-chain management, and digital marketing. Acquisitions can take a lot of capital, but are also a means of growth. They help ensure that new initiatives from new companies are aligned with their values and processes. Accenture should do a deep cost-analysis of the profitability of each acquisition that has been made to ensure that the acquisitions are worth the capital being spent. Perhaps holding off on further acquisitions would be wise to increase its short-term cash and decrease long-term debt. Another alternative would be to focus more on outsourcing some of the capabilities that it seeks to enhance by acquisitions. This could be a cheaper alternative as it does not require a lot of capital investment, although it can be riskier for its brand reputation.

Accenture saves a lot of time and money on its digital and consulting services which are not delayed by shipping or supply chain issues. It should continue to focus on services that can be offered remotely, and intangible products that do not need to be shipped. However, getting more physical products that benefit customers could be a lucrative side offering. To do so, it can partner with other organizations that have already developed

Accenture's case studies are a unique and excellent way of marketing its services and showing them in real-world environments to attract customers. However, when the projects fail or are very time-consuming or expensive, the case studies can only serve to highlight the drawbacks of obtaining the services of a company like Accenture. Perhaps a better way to attract customers is to remove case studies from the public eye, and offer specific case studies to interested consumers that are tailored to their needs. Accenture could focus on less specific marketing strategies, and focus on expanding its marketing to industries where it is less known.

Accenture's contracts with customers are one area where reworking its strategy would help to create some longer-lasting stability. According to the 2021 Annual Report, a lot of its contracts are shorter than a year, with the ability for clients to cancel with very short notice periods. This is proving a problem for revenues, so Accenture must try to attract contracts with longer terms. Perhaps this means giving customers interested in long-term projects better perks and discounts for signing long-term. Phasing out short notice periods is important as well. This might deter some customers but in the long run, should help to avoid waste of time, labour and resources on projects that will be cancelled. Having a strong negotiation team that can present this to customers in a favourable way might be a good investment for Accenture to help them land the most lucrative contracts possible and establish good relationships with customers from the get-go.

Because Accenture relies heavily on technology and digital solutions, cybersecurity is paramount to its business, especially since it handles so much confidential client information. This can be a high cost, but the ramifications of not having a strong cybersecurity system and staff can cause much worse damage. Accenture should consider making cybersecurity one of its major offerings to clients, and to itself. This will take extra investment at the beginning, but will pay off in the long run. An Accenture developed cybersecurity model could be offered to each new client as an extra source of revenue. Accenture would then have more peace of mind using a security system that it has developed and security staff who are loyal to its brand.

Overall, Accenture should continue to focus on the services it knows it can excel in, and focus on expanding on the industries that are most profitable, which are the products industries and communications, media, and technology. In general, it does remain a competent and profitable competitor, so dramatic changes to its strategy are not recommended. A slow-down on acquisitions and unnecessary capital spending can help it gain better control of its liabilities and increase available capital for a time when the world becomes more stable. If it does make acquisitions, these should be ones that expand its competencies and that expand its abilities rather than acquiring companies that offer something it is already good at. Adding stronger marketing, negotiation teams and security staff will help it address some of the risks that affect its current strategies.

See Appendix for Strategic Alternatives chart and their contribution to the firm's competencies and industry's driving forces.

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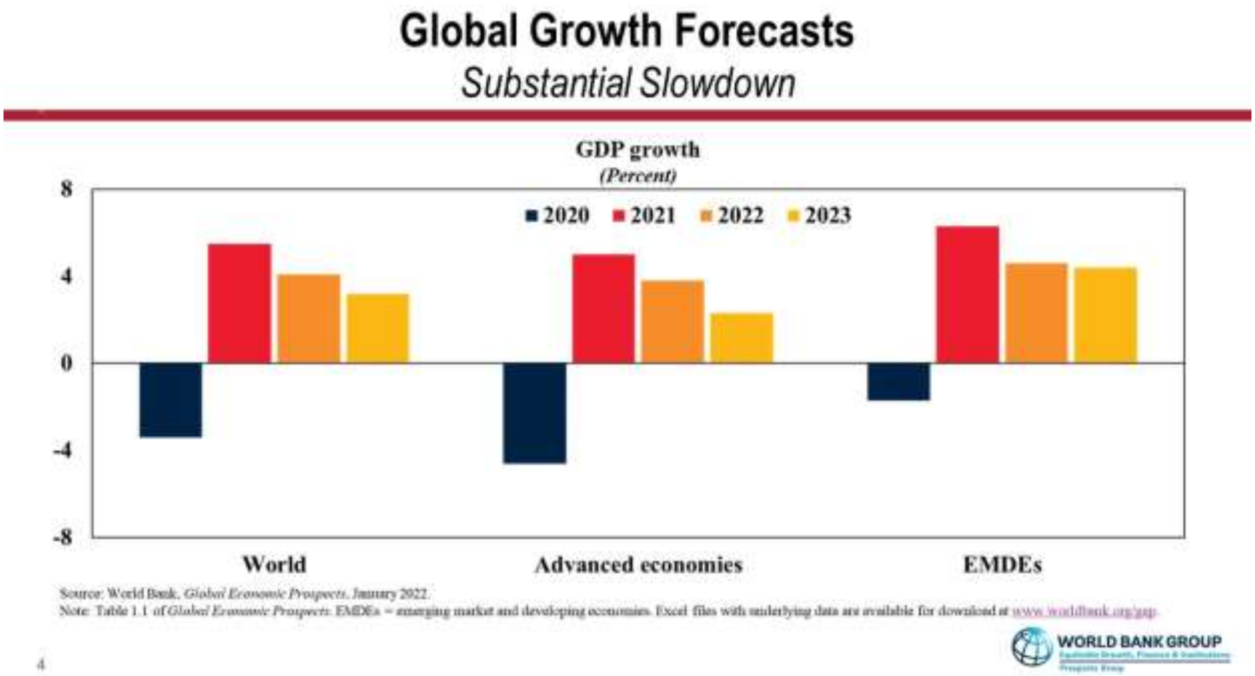
Appendix

Global Growth Forecasts – Substantial Slowdown



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TD forecast for US Real GDP and Business Investment from 2021 to 2027

	Annual Average						
Economic Indicator	**21**	**22F**	**23F**	**24F**	**25F**	**26F**	**27F**
Real GDP	5.7%	3.2%	2.5%	1.9%	1.8%	1.8%	1.8%
Business Investment	7.4%	6.0%	3.8%	2.7%	2.3%	2.2%	2.2%

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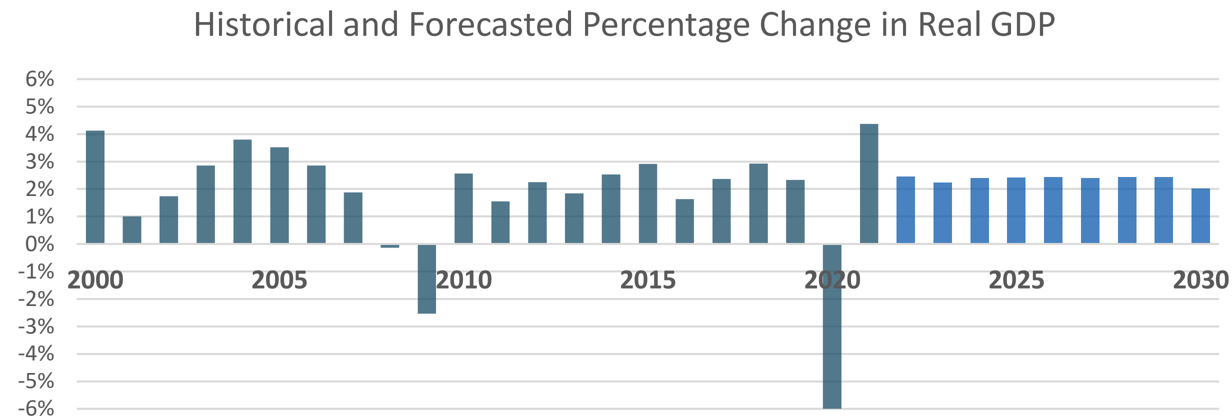
Historical and Forecasted Percentage Change in US Real GDP



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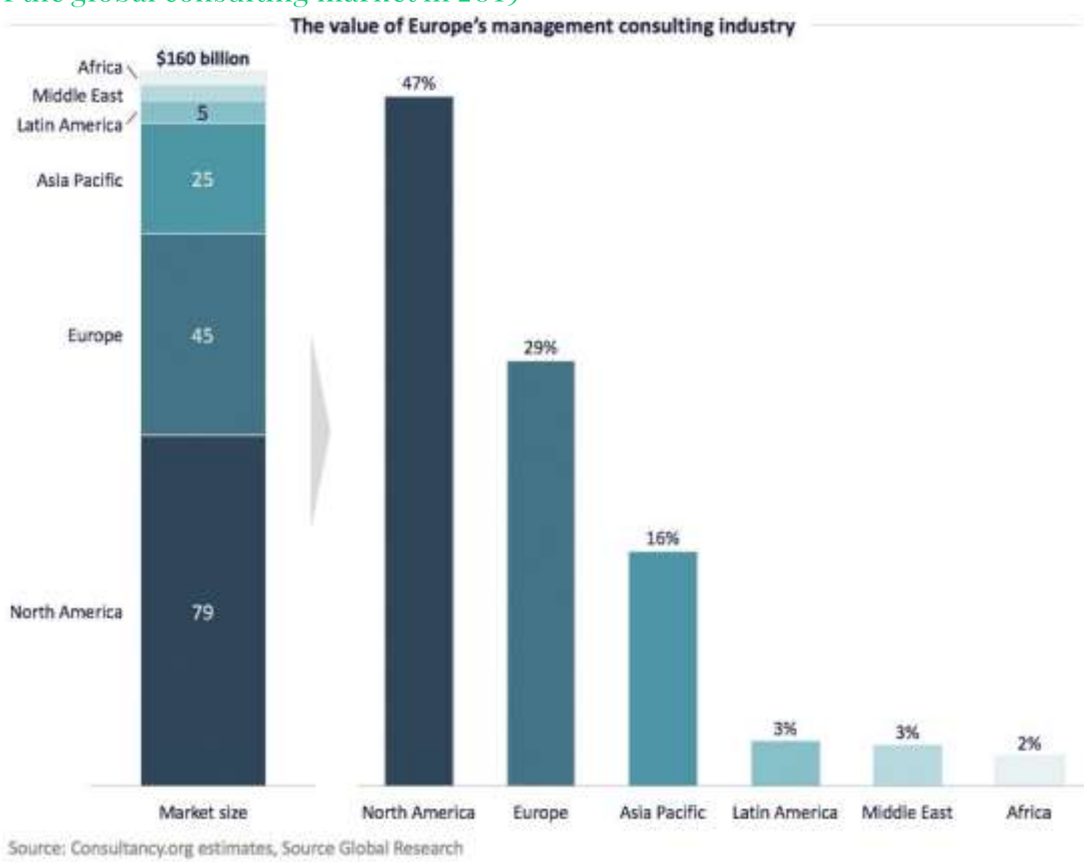
Size of the global consulting market in 2019



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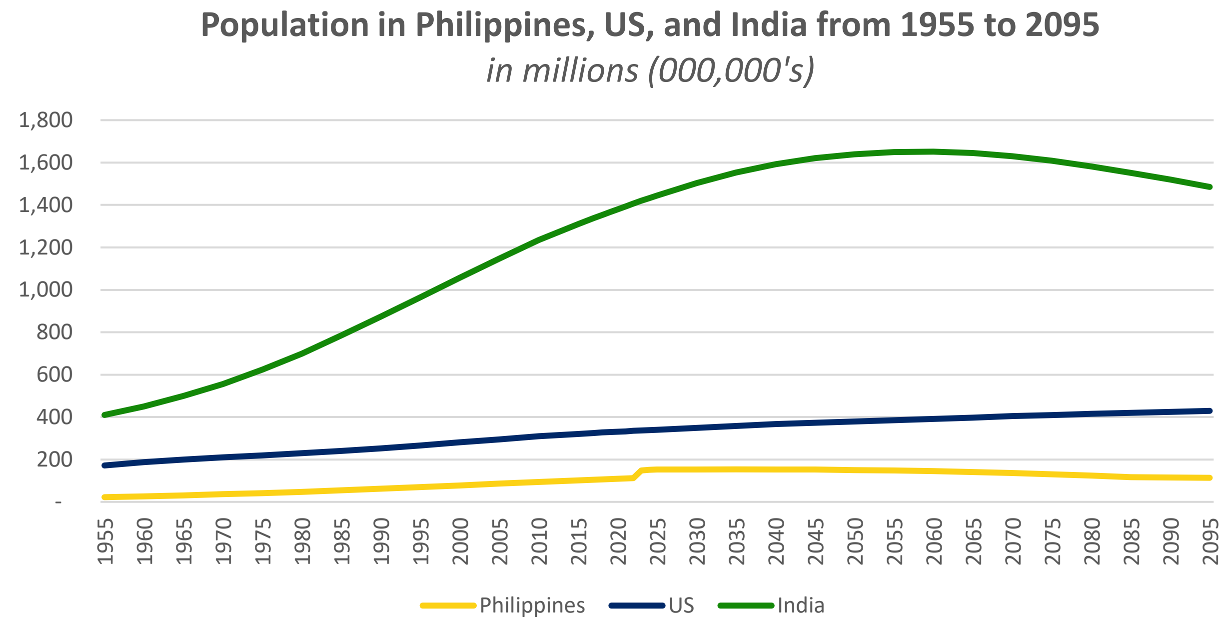
Historic and Projected Population Growth in Philippines, US, and India



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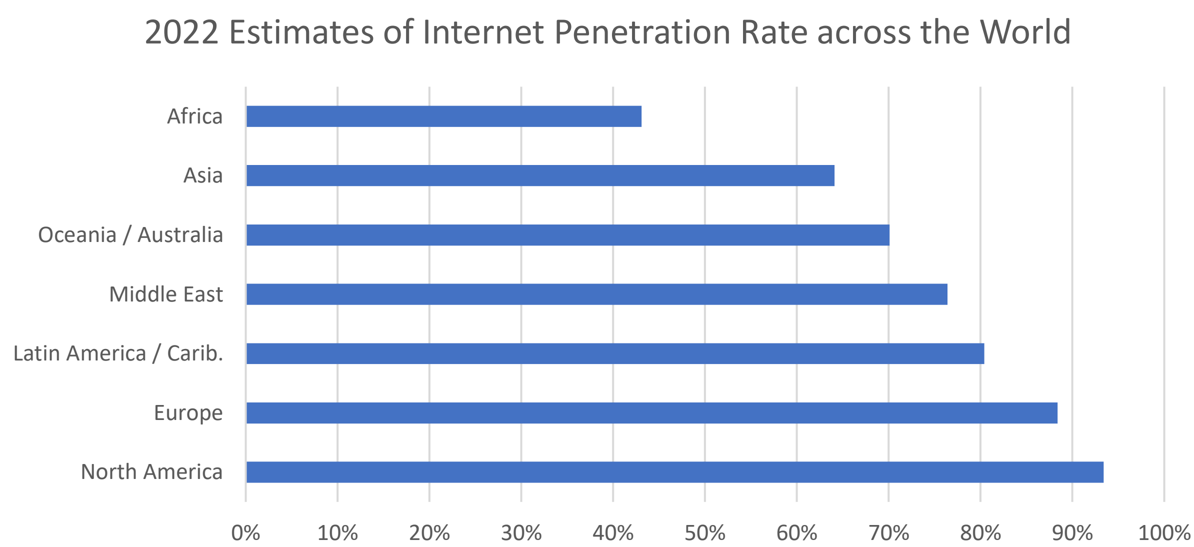
World Internet Penetration Rate



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World Internet Usage and Population Statistics

WORLD INTERNET USAGE AND POPULATION STATISTICS

2022 Year-Q1 Estimates

World Regions	Population ('000s)	Pop. (% of the world)	Internet Users ('000s) Dec 31/21	Penetration Rate (% of Pop.)	Growth 2000 to 2022	Internet World %
North America	372,556	5%	347,917	93%	222%	7%
Europe	841,320	11%	743,603	88%	608%	14%
Latin America / Carib.	663,520	8%	533,172	80%	2851%	10%
Middle East	268,303	3%	205,019	76%	6141%	4%
Oceania / Australia	43,603	1%	30,549	70%	301%	1%
Asia	4,350,827	55%	2,790,151	64%	2341%	53%
Africa	1,394,589	18%	601,327	43%	13220%	12%
WORLD TOTAL	7,934,717	100%	5,251,737	66%	1355%	100%

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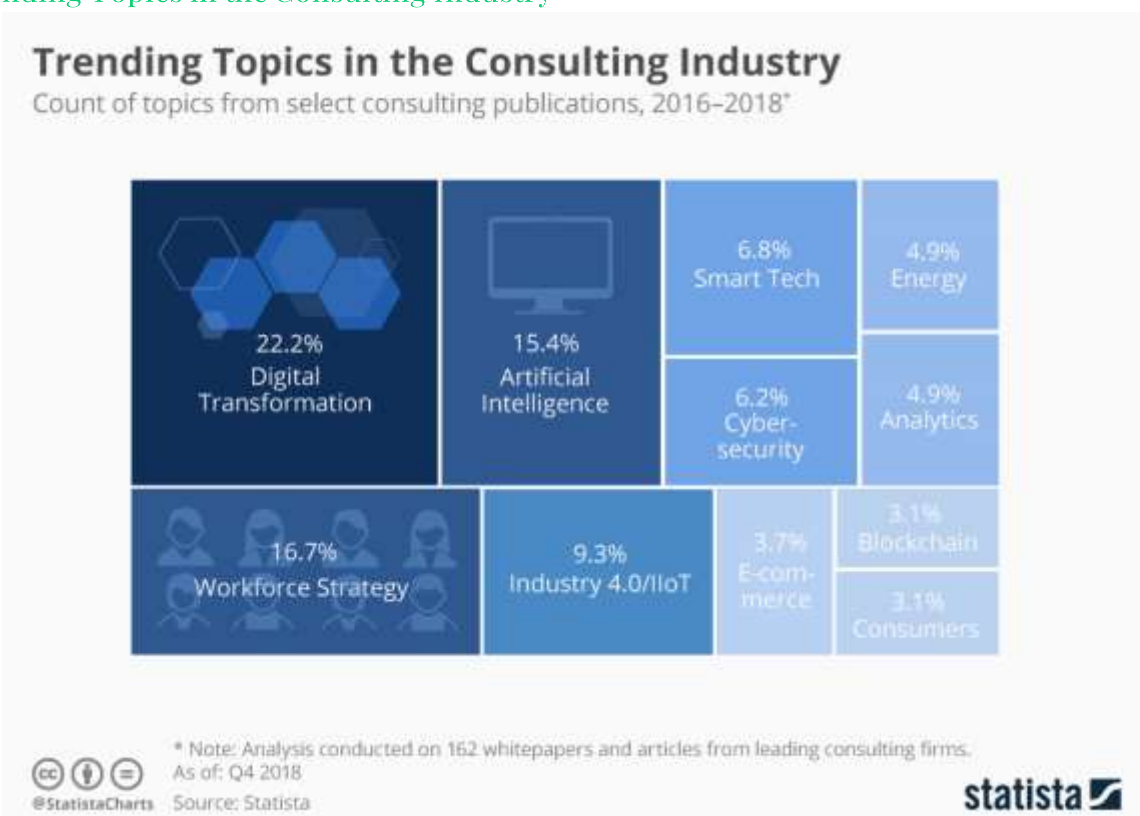
Trending Topics in the Consulting Industry



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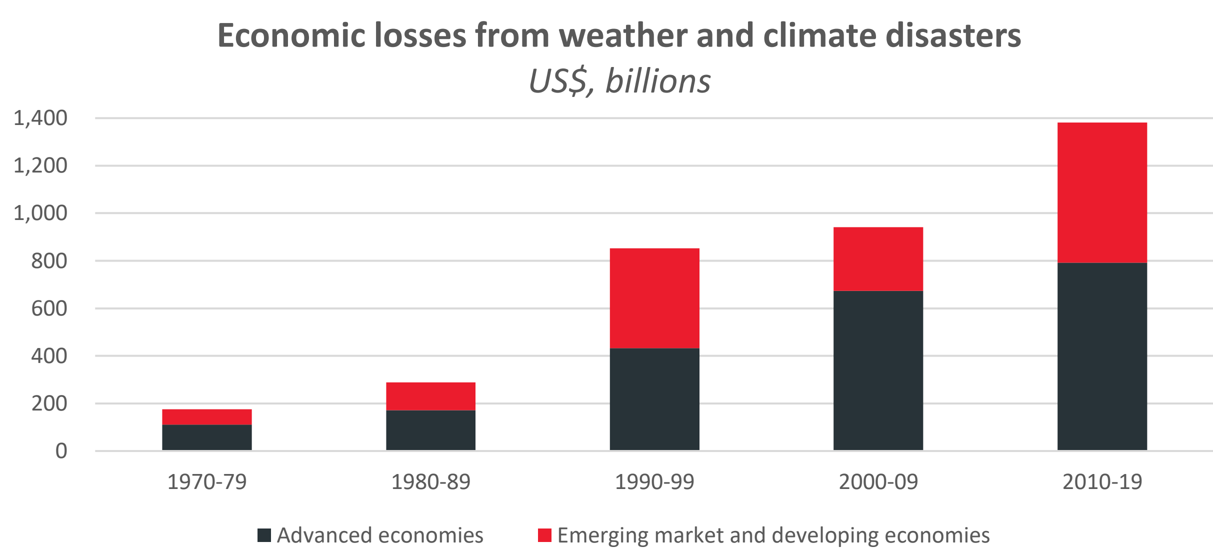
Size of the global consulting market from 2011 to 2020

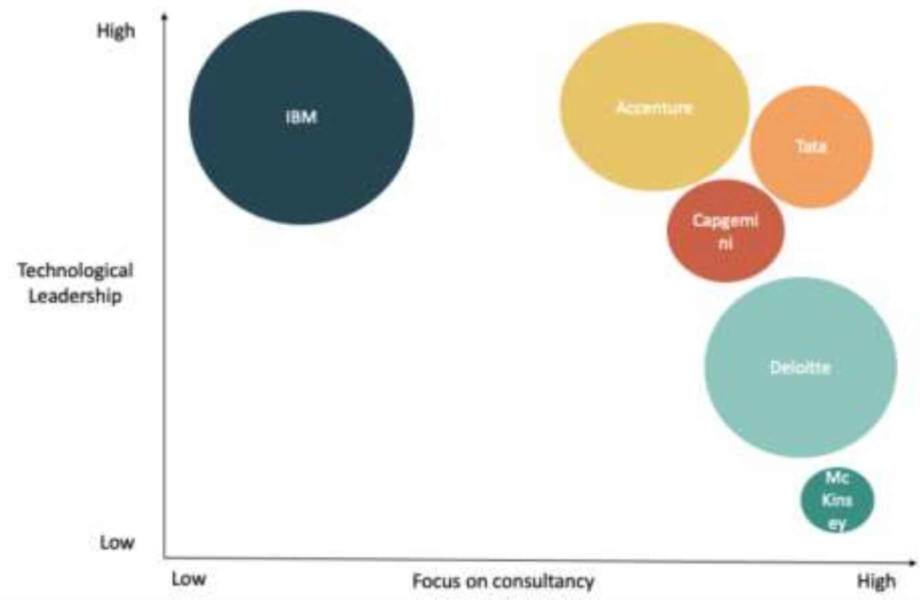
Size of the global consulting market from 2011 to 2020. Statista. (2022, March 15). Retrieved March 31, 2022, from https://www.statista.com/statistics/466460/global-management-consulting-market-size-by-sector/

Economic losses from weather and climate disasters



Sources: EM-DAT, CRED/UCLouvain, https://www.emdat.be; World Bank; World Meteorological Organization. Figure shows the sum of all damages and economic losses directly or indirectly related to weather, climate, and water-related hazards. Hazards are associated with natural, geophysical, meteorological, climatological, hydrological, and biological events.

Strategic Group Map Analysis



The size of the bubbles represent the size of each company's annual revenue in 2021. It is important to note that this map is not exhaustive and reflects our personal perception of Accenture's industry. Other researchers' analyses might therefore differ from ours.

VRIO Framework

Criteria	Scope of services	Recognizable and reputable brand	Strong technological innovations	Highly skilled employees with strong ethics	Financial stability
Valuable	Yes Allows the attraction of many different customers in many industries Creates multiple sources of revenue	Yes Important for customer loyalty and to attract new customers	Yes Key for the solutions Accenture offers customers	Yes Ensures employees can implement Accenture strategies and maintain reputation	Yes Allows important acquisitions and investments into new technology Attracts investors
Rare	Yes Most competitors focus on a narrower set of industries to serve	No Many firms have recognizable brands in management consulting	Yes Accenture's specific technology and intellectual property is rare	No Every competitor strives to have a similarly skilled workforce	No Many successful financially stable companies in this area
Costly to imitate	Yes It may take a lot of investment to expand to other industries	Yes Takes a long time and excellent marketing to develop this, and may never be completely duplicated	No May not take a lot of investment to develop similar technological innovations, but not the exact ones	Yes It does cost a lot to hire, train, and educate staff to their current level	No Many companies can become financially stable
Nonsubstitutable	Yes A wide breadth of services in many industries is not easily substitutable	No Can be substituted by other management consulting firms, though might not be the same	No Can be replaced by other technologies to solve the business solutions Accenture's does	Yes It is hard to substitute a loyal highly skilled ethical staff	No There could be other alternative services that bring financial stability

Comparative Income Statements

	Comparative Income Statements		
	2021	**2020**	**2019**
Revenues	**50,533,389**	**44,327,039**	**43,215,013**
Operating expenses			
Cost of services	**34,169,261**	**30,350,881**	**29,900,325**
Sales and marketing	5,288,237	4,625,929	4,447,456
General and admin costs	3,454,362	2,836,585	2,562,158
Total operating expenses	**42,911,860**	**37,813,395**	**36,909,939**
Operating income	**7,621,529**	**6,513,644**	**6,305,074**
Interest income	33,365	69,331	87,508
Interest expenses	59,492	33,071	22,963
Other income (expense), net	165,714	224,427	- 117,822
Income before income taxes	**7,761,116**	**6,774,331**	**6,251,797**
Income tax expense	1,770,571	1,589,018	1,405,556
Net income	**5,990,545**	**5,185,313**	**4,846,241**

Common Sized Financial Statements (Vertical)			
Income Statement Vertical Analysis			
	2021	**2020**	**2019**
Revenues	100%	100%	100%
Operating expenses			
Cost of services	67.62%	68.47%	69.19%
Sales and marketing	10.46%	10.44%	10.44%
General and admin costs	6.84%	6.40%	6.40%
Total operating expenses	84.92%	85.31%	85.31%
Operating income	15.08%	14.69%	14.59%
Interest income	0.07%	0.16%	0.20%
Interest expenses	0.12%	0.07%	0.05%
Other income (expense), net	0.33%	0.51%	-0.27%
Income before income taxes	15.36%	15.28%	14.47%
Income tax expense	3.50%	3.58%	3.25%
Net income	11.85%	11.70%	11.21%

Common Sized Financial Statements (Horizontal)			
Income Statement			
Base Year 2019	**2021**	**2020**	**2019**
Revenues	117%	103%	100%
Operating expenses			
Cost of services	113%	102%	100%
Sales and marketing	119%	104%	100%
General and admin costs	135%	111%	100%
Total operating expenses	116%	102%	100%
Operating income	121%	103%	100%
Interest income	38%	79%	100%
Interest expenses	259%	144%	100%
Other income (expense), net	-141%	-190%	100%
Income before income taxes	124%	108%	100%
Income tax expense	126%	113%	100%
Net income	124%	107%	100%

Current Ratio Analysis

CURRENT RATIO ANALYSIS	2021	2020	2019
Current assets	19,666,511	17,749,756	15,450,601
Current liabilities	15,708,867	12,662,590	11,061,896
Current ratio	1.25	1.40	1.40

Profit Margin Ratio

PROFIT MARGIN RATIO (SALES RETURN)	2021	2020	2019
Revenues	**50,533,389**	**44,327,039**	**43,215,013**
Operating expenses			
Total operating expenses	**42,911,860**	**37,813,395**	**36,909,939**
Operating income	**7,621,529**	**6,513,644**	**6,305,074**
Income before income taxes	**7,761,116**	**6,774,331**	**6,251,797**
Income tax expense	1,770,571	1,589,018	1,405,556
Net income	**5,990,545**	**5,185,313**	**4,846,241**
Net Income	**5,990,545**	**5,185,313**	**4,846,241**
Revenue	**50,533,389**	**44,327,039**	**43,215,013**
Profit margin	11.85%	11.70%	11.21%

Comparative Balance Sheets

Comparative Balance Sheets	Aug 31, 2021		Aug 31 2020		Aug 31, 2019
ASSETS					
Current Assets					
Cash and cash equivalents	8,168,174	-2.94%	8,415,330	37.35%	6,126,853
Short-term investments	4,294	-95.45%	94,309	2746.63%	3,313
Receivables and contract assets	9,728,212	23.98%	7,846,892	-3.07%	8,095,071
Other current assets	1,765,831	26.74%	1,393,225	13.70%	1,225,364
Total current assets	**19,666,511**	10.80%	**17,749,756**	14.88%	**15,450,601**
Non- current assets					
Contract assets	38,334	-11.38%	43,257	-39.08%	71,002
Investments	329,526	1.54%	324,514	35.04%	240,313
PPE, net	1,639,105	6.05%	1,545,568	11.10%	1,391,166
Lease assets	3,182,519	-0.03%	3,183,346		0
Goodwill	11,125,861	44.31%	7,709,820	24.24%	6,205,550
Deferred contract costs	731,445	1.14%	723,168	6.12%	681,492
Deferred tax assets	4,007,130	-3.52%	4,153,146	-4.51%	4,349,464
Other non-current assets	2,455,412	49.17%	1,646,018	17.55%	1,400,292
Total non- current assets	**23,509,332**	21.63%	**19,328,837**	34.80%	**14,339,279**
TOTAL ASSETS	**43,175,843**	16.44%	**37,078,593**	24.47%	**29,789,880**
Liabilities and Shareholders' Equity					
Current Liabilities					
Current portion of long-term debt	12,080	54.48%	7,820	21.98%	6,411
Accounts payable	2,274,057	68.46%	1,349,874	-18.02%	1,646,641
Deferred revenues	4,229,177	16.29%	3,636,741	14.05%	3,188,835
Accrued payroll and related benefits	6,747,853	32.73%	5,083,950	3.95%	4,890,542
Income taxes payable	423,400	-6.65%	453,542	19.98%	378,017
Lease liabilities	744,164	-1.57%	756,057		0
Accrued consumption taxes	609,553	-7.98%	662,409	48.29%	446,699
Other accrued liabilities	668,583	-6.12%	712,197	41.10%	504,751
Total current liabilities	**15,708,867**	24.06%	**12,662,590**	14.47%	**11,061,896**
Non-current Liabilities					
Long-term debt	53,473	-1.07%	54,052	232.69%	16,247
Deferred revenues	700,080	1.32%	690,931	22.24%	565,224
Retirement obligation	2,016,021	8.42%	1,859,444	5.30%	1,765,914
Deferred tax liabilities	243,636	35.58%	179,703	34.88%	133,232
Income taxes payable	1,105,896	18.82%	930,695	4.26%	892,688
Lease liabilities	2,696,917		2,667,584		0
Other non-current liabilities	553,839	3.63%	534,421	1.41%	526,988
Total non-current liabilities	**7,369,862**	6.55%	**6,916,830**	77.34%	3,900,293
Shareholders Equity (total)	**20,097,114**	14.85%	**17,499,173**	18.02%	14,827,691
Total liabilities and shareholders equity	**43,175,843**	16.44%	**37,078,593**	24.47%	29,789,880

Earnings Per Share

Earnings per Share					
			2021	2020	2019
Basic			9.31	8.03	7.49
Diluted			9.16	7.89	7.36
Cash dividends per share			3.52	3.20	2.92

Return on Assets

ROA	**2021**	**2020**	**2019**
Net Income	$6,200,000	$5,250,000	$4,860,000
Average Total Assets	$43,176,000	$37,079,000	$29,790,000
Total	14.36%	14.16%	16.31%

Debt to Equity Ratio

Debt to Equity ratio	**2021**	**2020**	**2019**
Total Liabilities	$23,078,729	$19,579,420	$14,962,189
Total Shareholder's Equity	$43,176,000	$37,079,000	$29,790,000
Total	53.45%	52.80%	50.23%

Interest Coverage Ratio

INTEREST COVERAGE RATIO			
	2021	**2020**	**2019**
Interest income	33,365	69,331	87,508
Interest expense	59,492	33,071	22,963
Difference	- 26,127	36,260	64,545
Income before income tax &	7787243	6738071	6187192
interest expense/ income			
Interest coverage ratio	298.0535	203.7456	269.4418
**In 2020 and 2019, there is more interest income than expense, so			
just used the interest expense numbers, not including interest income.			

Accounts Receivable Turnover Ratio

ACCOUNTS RECEIVABLE TURNOVER RATIO			
	2021	2020	2019
Accounts receivable	9,728,212	7,846,892	8,095,071
Revenue	50,533,389	44,327,039	43,215,013
365	138,448	121,444	118,397
A/R Turnover	70.266	64.613	68.372

Quick Acid Test Ratio

QUICK ACID TEST RATIO			
	2021	2020	2019
Cash	8,168,174	8,415,330	6,126,853
Short-term investments	4,294	94,309	3,313
Receivables & contract assets	9,728,212	7,846,892	8,095,071
Total	17,900,680	16,356,531	14,225,237
Current liabilities	15,708,867	12,662,590	11,061,896
Total quick acid test ratio	1.1395	1.2917	1.2860

Return on Equity

RETURN ON EQUITY			
ROE	2021	2020	2019
Net Income	$6,200,000.00	$5,250,000.00	$4,860,000.00
Average of Shareholder's Equity	$20,940,000.00	$18,430,000.00	$15,600,000.00
Total	29.61%	28.49%	31.15%

Strategic Alternatives Chart

Strategy Suggestions	Build the Brand (25%)	Leader in tech innovation (25%	Attract and retain quality workforce (25%)	Network of existing clients (15%)	Strong financial standing (10%)	Total
Do nothing/keeping doing the same	70%	70%	70%	70%	50%	68%
Continue/enhance remote work	80%	80%	100%	80%	70%	84%
More focus on industries, less breadth more depth	80%	75%	80%	40%	50%	70%
Expand cloud technology offerings	80%	100%	80%	100%	60%	86%
Leverage sustainability	80%	50%	60%	80%	65%	66%
Outsource before acquisition	40%	90%	90%	100%	90%	79%
Offer tangible products	60%	80%	50%	80%	60%	66%
Make client case studies confidential	70%	80%	50%	80%	50%	67%
Negotiate for longer-term contracts or phase out short-term contracts	85%	60%	80%	40%	100%	72%
Emphasize cybersecurity services	100%	100%	90%	100%	85%	96%