



Title: Business & Technology Strategy of Accenture: A Glimpse Study

Course: 526/626 Strategic Management

Year: 2015

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Report No.: 1

ETM OFFICE USE ONLY

Report No.: See Above

Type: Student Project

Note: This project is in the filing cabinet in the ETM department office

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## Abstract

Accenture is a leading technology service provider and its current clients include 89 of the Fortune Global 100 and more than three-quarters of the Fortune Global 500. It being world's largest consulting company as measured by revenues has a business strategy that has helped it achieve the success. Accenture's Information Technology (IT) organization delivers high performance IT capabilities that enable more than 261,000 Accenture professionals serving clients in more than 120 countries to work anytime, anywhere. Accenture's journey to high performance IT began back in the year 2000. The initial stage of the transformational change involved aligning Accenture's IT operating model with Accenture's go-to-market strategy and instituting a strong IT governance model. More than ten years later, the results are impressive: Increased efficiencies, stunning cost reductions and a 300+ percent return on Accenture's transformational IT initiative.

This paper initiates to study the business strategy of this company using porters five force analysis and how it fits in the scenario. Further I would evaluate Accenture's strengths, weakness, opportunities and threats and show how the study can be made usable in order to eradicate the potential threats and improve the business strategy and gain superior advantage in the market.

## Introduction

IT pioneers confront an imposing challenge: meeting their organizations' elevated requirements of IT administrations while controlling expenses and setting it up to meet the future needs of the business. In the midst of expanding globalization and the regularly developing and complex business and innovation scenes, organizations anticipate that their IT pioneers will make vital speculations that will bolster business development and readiness, gain by new and existing advancements to increase game changer, and adjust IT needs to business needs. Accenture's continuous High Performance IT research uncovers that while CIOs need to contribute huge worth for their organizations, a large group of elements prominently cost-cutting orders,

"keeping the lights on" and settling agitated ventures repress the CIO's capacity to be a quality inventor.

Regardless of these substances, the exploration demonstrates that superior IT organizations reliably attain to greatness in IT execution, IT nimbleness and IT development, adjusting the occasionally contradicting requests put on IT organizations. To react adequately to today's difficulties, IT organizations need to work in an unexpected way, utilizing innovation in better approaches to accomplish business results while continuing working expenses low. Accenture helps organizations rapidly distinguish how IT can fuel elite. We group with IT and business pioneers to arrange and convey IT for the most esteem, helping them set the innovation motivation and position the IT association and the business for the future these substances, the examination shows that superior IT organizations reliably accomplish incredibleness in IT execution, IT dexterity and IT advancement, adjusting the occasionally contradicting requests set on IT organizations. To react adequately to today's difficulties, IT organizations need to work in an unexpected way, utilizing innovation in better approaches to attain to business results while continuing working expenses low. Accenture helps organizations rapidly recognize how IT can fuel superior. We group with IT and business pioneers to arrange and send IT for the most esteem, helping them set the innovation plan what's more, position the IT association and the business for what's to come.

## Company Background

Accenture is a multinational management consulting, technology services, and outsourcing company. Its main head quarter office have been in Dublin, Ireland since September 1, 2009. It is the world's biggest consulting firm as measured by incomes and is a Fortune Global 500 company. Starting 2014, the company reported net incomes of \$30.0 billion with roughly 323,000 workers, serving customers in more than 200 urban areas in 56 nations. In 2012 Accenture had around 80,000 representatives in India, more than in some other nation, around 40,000 in the US, and around 35,000 in the Philippines. Accenture's present customers incorporate 89 of the Fortune Global 100 and more than seventy five percent of the Fortune Global 500 [1]

On January 1, 2001 Andersen Consulting adopted its current name, "Accenture". The word "Accenture" is supposedly derived from "Accent on the future". The name "Accenture" was submitted by Kim Petersen, a Danish employee from the company's Oslo, Norway office, as a result of an internal competition. Accenture felt that the name should represent its will to be a global consulting leader and high performer, and also intended that the name should not be offensive in any country in which Accenture operates.[1]

Accenture sorts out its services and individuals in these three essential cross-utilitarian groupings. Accenture customer engagement groups normally comprise of a blend of industry specialists, capability experts and experts with in-country market knowledge.

As most technology and management consulting firms, Accenture operates in a matrix organization structure. One of its functions is operating groups, or industries of its clients. The operation groups defined by Accenture are:

- Communications, Media & Technology
- Financial Services
- Products
- Resources
- Health & Public Services

The five Operating Groups comprises 19 industry subgroups that focus on industry evolution, business issues, and applicable technologies.

The other type of group is Functional Groups which can broadly be divided in to 4 categories:

- Accenture Strategy which provides services to clients related to business strategies, technology strategies and operating strategies.
- Accenture Digital which provides clients with marketing strategies, data analytics and reporting and mobility strategies.
- Accenture Technology which provides clients with technology solutions and IT services.
- Accenture Operations which provides clients with the Business process outsourcing and client infrastructure services.

## Accenture Strategy

Accenture's IT operating model with Accenture's go-to-market strategy and initiating a solid IT governance model[4]. With this strong vital and governance establishment set up, the IT work then moved to combine, bring together and institutionalize IT operations, present an oversight administration's approach with rigorous execution measurements, and take a forceful way to deal with outsourcing. Over after ten years, the outcomes are noteworthy: expanded efficiencies, shocking expense diminishments and a 300+ percent return on Accenture's transformational IT activity as seen in Appendix 2

The transformational IT activity has helped in redefining decision making, perpetuated the business analysis and planning, reduced total cost of ownership, build up purchases of products and services and demolish redundancies. Accenture IT leadership group's first step was to characterize an IT strategy, which incorporated seven key components:

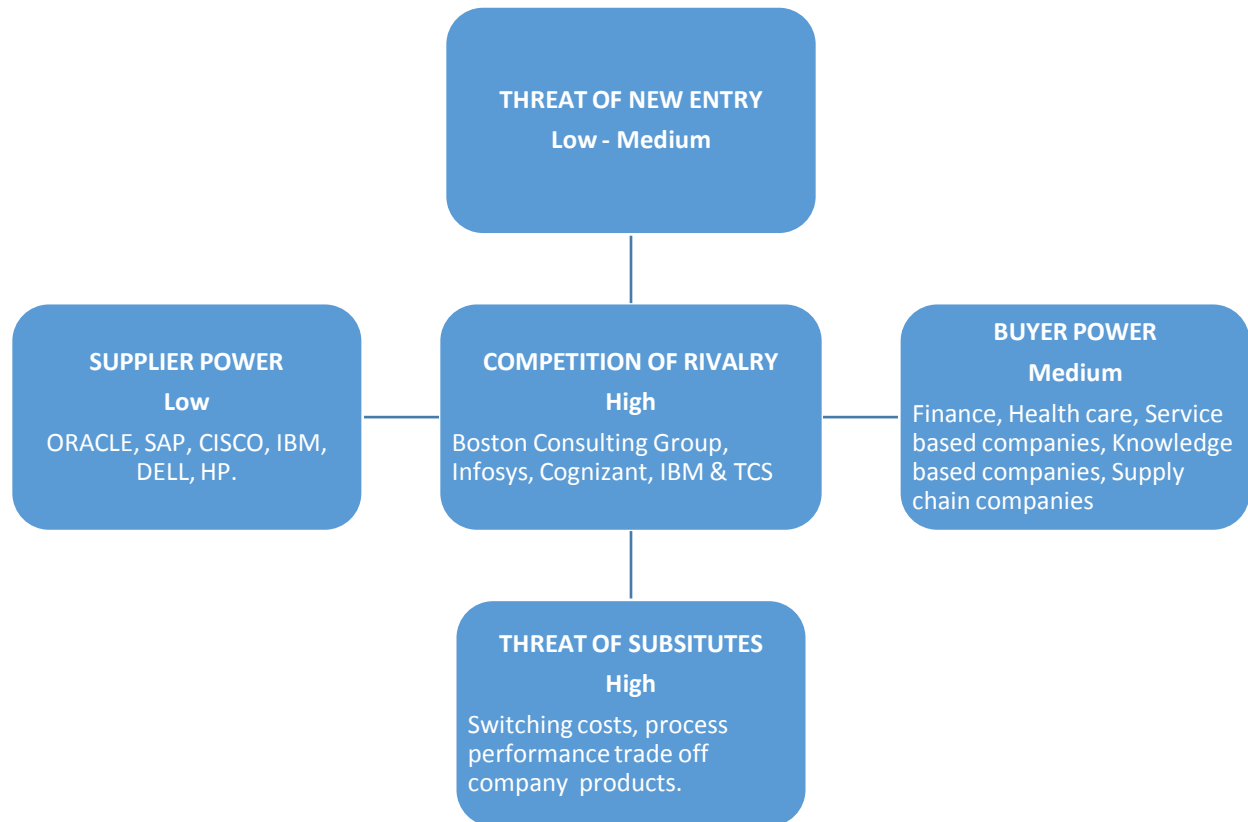
- Create a strong, central governance.
- Standardize all operations.
- Focus workforce on variable resources and low-cost locations.
- Build IT performance measurement processes.
- Run IT based on business on managed services approach.
- Communicate successes and benefits realization at every opportunity.

In order to characterize its core competencies Accenture is analyzed and Porter's Five force analysis has been made.

## Porter's Five Force Analysis

Porter's five power competition model is a basic yet a capable instrument to comprehend both the present quality and competitive position of a company. This device can be extremely valuable to distinguish whether new system, service or company will be gainful or have an opportunity to make due in the contending business sector. This process can be utilized likewise to comprehend the equalization of force.

The Porter's five force competition model is composed of the threat of new entry, the intensity of competition from Rivalry, the threat of substitution, the supplier power, and the buyer power.



### Threat of New Entrants

A substantial number and extensive variety of companies utilize the services of management and promoting consultancies. Specialists educate inside of a wide range with respect to commercial enterprises, on an extensive variety of subjects and in this manner there is a high level of administration separation inside of the business. The main management and showcasing consultancies, for example, Accenture, Boston Consulting Group, Infosys, Tata Consulting Services etc., are overall associations with especially solid brands.

The business is completely B2B, and little organizations are less inclined to be customers than are medium and huge partnerships. There is an abnormal state of administration separation in the business, with driving players offering an extensive variety of distinctive services and

aptitude. Purchasers normally go into contracts with consultancies for the term of particular undertakings and don't cause exchanging expenses between ventures.

Notwithstanding, numerous consultancy activities have a drawn out term of months or even years, and exchanging consultancy inside such tasks can be expensive (for instance, longer notice periods may be needed, and contractually allowable charges may be brought about). Accenture's predefined brands equity has its major mark over the market and the threat of new entrants into the industry nevertheless does not affect its share so the threat of entrants to Accenture in the industry is considerably low to moderate.

### Competition of Rivalry

Accenture has significantly long impact on technology consulting industry making it one of the top leaders of the board. And the large industry helps the consulting firms to produce results in its respective sectors without having to compete for major market share with each other. The exit barriers of these firms are also comparatively low giving a better room for a large company like Accenture to have a better profit and brand equity.

### Threat of Substitution

In consultant-client connections, relationship life span can make huge expense points of interest and operational efficiencies for both customer and expert. In the meantime, every gathering may additionally be spurred to search for new viewpoints and opportunities by changing to new connections. Nonetheless, the advantages of supplanting one consulting company with another are relieved by switching costs: the expenses connected with the demonstration of changing the relationship itself. Due to the increasing rise of technology consulting firms in the market the cost of switching between technologies is comparatively low.

### Supplier Power

Despite the fact that companies like Oracle, SAP, Cisco, IBM, Dell etc. are a piece of the IT business, with the end goal of this task I will be arranging those companies as suppliers to the IT business' organizations. The inputs in this industry are really standard, with contrasts being pace, memory and so forth. Despite the fact that the inputs are standard, new companies think that it troublesome (not incomprehensible) to enter this industry as a supplier as a result of the current connections between current suppliers and IT firms, the continually changing and



enhancing innovations of the world and the extreme competition between existing players. IT firms are vital to suppliers in light of the fact that they are their essential clients, yet I accept suppliers are significantly more critical to buyers(IT firms). Suppliers are not "bolted" into manages particular firms (contracts absolved), yet the greater part of the connections between the organizations and suppliers in this industry are settled, and these suppliers would no doubt not have any desire to end their associations with firms in any case.

### Buyer Power

At the point when clients oblige exceptional customizations, they are more averse to change to makers who experience issues taking care of their requests. Purchaser customization decidedly influences Accenture as a dealing force of purchasers is low. And at the point when purchasers have constrained data, they are off guard in arrangements with sellers. Accenture give restricted data to purchasers on their sites so purchasers will meet them in individual to get definite data and to talk business with them. When producers have low dependence, distributors have less bargaining power. There is low dependency of Accenture on distributors. At the point when clients have restricted decisions they wind up paying more for the decisions that are available. Limited purchaser decisions lives up to expectations for Accenture as there are couple of contenders who give as great services as Accenture. When there are large numbers of customers, no one customer tends to have bargaining leverage. Limited bargaining leverage helps Accenture.

## SWOT Analysis



### Strengths

Accenture appreciates critical scale and is enhanced crosswise over commercial enterprises and topographies while in the meantime offering integrated services. In the course of the most recent couple of years, Accenture has strategically extended the quantity of end markets to expand income and business soundness and extend its chances for development. The organization offers IT services for enhanced end markets, including aviation, agribusiness, aerospace, automobile, building materials, capital markets and different areas[8]. Also, Accenture has a differentiated geographic vicinity. The organization has strategically extended its vicinity over the globe. It has operations in more than 200 urban areas in 56 nations around the world. Amid FY2013 the organization created more or less 47.3% of its aggregate incomes

from Americas, while EMEA represented 38.7% and Asia Pacific represented 14%. Also, its geographic development procedure centers both on developing and developed markets giving critical development potential to the organization. Accenture has expanded concentrate on developing markets, for example, Association of Southeast Asian Nations (ASEAN) countries, Brazil, China, India, Mexico, the Middle East, Russia, South Africa, South Korea and Turkey. The company has one of the broadest offerings in management consulting, technology services and outsourcing markets. It caters to 19 industry groups, under its five operating groups: products, financial services, communications, media and technology, resources, and health and public service.

Accenture appreciates extension and scale that takes into consideration noteworthy competitive advantages. The organization will have the capacity to serve customers that work all around and at a large scale thusly businesses will require technology partners that can coordinate the scale. Case in point, assets that are obliged to execute a large frameworks combination undertaking is inside of compass of not very many companies, one among them being Accenture. The organization's capacity to work at a certain scale gives great competitive environment and estimating force. Accenture is further situated as a one-stop shop which gives cross-offering open doors.

In FY2013, the organization profited from these competitive advantages as it kept on seeing solid interest for large-scale, transformational projects, creating quarterly bookings of something beyond than \$100 million from only 44 customers. As indicated by Accenture, its worldwide extension and scale made it a accomplice of decision for a hefty portion of the largest companies on the planet. Further, enhanced end markets furthermore, geographic scope dodge reliance on any single business for incomes. Moreover, they offer access to a more extensive client base and empower proceeded with development bringing about an in number income position for the organization.

### Weakness

Accenture's counseling business has been seeing decreases and remains sluggish. The organization's consulting incomes fell by around 1% to \$15.4 billion in FY2013. The consulting

business, which adds to more than a large portion of the organization's income, has been declining as clients cut optional spending and furious rivalry puts weight on contract costs. Amid FY2013, counseling development was drowsy and this pattern is prone to proceed in the short term. As per industry assesses, the organization's income from counseling will be level or develop in the low-single digits in FY2014. Hence, drowsy development and decreases in the counseling business will affect the organization's general development prospects. Accordingly, consulting business could end up being a delay the organization's development prospects.

Accenture slacks some of its companions, who have noteworthy vicinity in seaward locales, for example, India, in increasing incremental incomes. In FY2013, TCS included incremental incomes of \$2,579.5 million while Accenture's incremental incomes before repayments were \$616 million. Excepting the year 2011 when Accenture included about \$4,259 million of incremental incomes, the aggregate incremental incomes included by TCS for the years 2010, 2012 and 2013 were \$5,102.2 million while excepting 2011 Accenture included a sum of \$2,964 million for that years. Accenture confronts intense competition from companions who work dominantly in minimal effort region. The pace at which TCS is including incomes could demonstrate competitive detriment for Accenture among changing industry flow where IT outsourcing/counseling choices are tending towards value affectability. The details of the income expenditure are expressed in Appendix 1

### Opportunities

The business for enterprise mobility solutions has been developing at a fast pace. Expanding portable laborer populace, rise of refined cell phones, for example, tablets and cell phones what's more, presentation of a few business applications is relied upon to drive the business sector for enterprise mobility throughout the following couple of years. As per industry gauges, the business for enterprise mobility solutions is relied upon to surpass roughly \$174 billion by 2017.

The organization has been expanding its attention on creating enterprise mobility solutions in later times. The organization offers mobility solutions by industry, mobility consulting, mobility applications, and mobility oversaw services and joined gadgets designing services which indulge

the developing interest for enterprise mobility. Further, in the quickly developing tablet market, Accenture's enterprise cell phone enablement offering incorporates customizations for Android applications together with multiplatform oversight services and focused on application creation to give an enterprise-able answer for corporate clients. Additionally, around the same time, the organization set up a worldwide vital association with Samsung Electronics in which the two companies will cooperate to facilitate the acquisition and usage forms for customers receiving enterprise mobility devices, as they experience the change to getting to be advanced organizations. Further, in April 2014, Accenture and Crittercism, an organization occupied with mobile application execution management (mAPM), went into a collusion consent to address the difficulties enterprises face when creating and executing their versatile application techniques.

The uplifting standpoint for the enterprise mobility solutions and the organization's expanded concentrate on this business will permit it to acquire clients and piece of the pie in nearing years.

The organization is all around situated to exploit this quickly developing interest for cloud computing services. In March 2014, Accenture and SAP made another business gathering concentrated on quickening the time it takes to together create and convey new industry-particular solutions taking into account cloud and other advanced advancements. In addition, in the next month, Accenture and Orange Business Services, a noteworthy correspondences administration supplier that offers cloud foundation services, shaped an organization together to bolster expansive enterprises with their cloud technique and the change of their framework and applications to cloud-based models. This cooperation will start by focusing on French organizations before drawing nearer companies in other European nations where Accenture does not have existing cooperation's with different suppliers. Thusly Accenture will be extending its topographical foot shaped impression in the worldwide cloud processing business sector. Key acquisitions will further fortify the organization's business sector position in the procurement of management consulting, innovation services and outsourcing services to a various scope of customers.

## Threats

The organization's consequences of operations are influenced by financial conditions, including macroeconomic conditions, credit economic situations and levels of business certainty. There keeps on being noteworthy instability in business sectors around the globe, and in addition monetary and geopolitical vulnerability in large portions of the businesses where Accenture works, which could affect its business, especially in the US and Europe. For example, income development in neighborhood cash amid FY2013 was lower than anticipated due, in substantial part, to lower than anticipated interest, especially in specific topographies encountering testing macroeconomic conditions, for example, certain nations in Europe and in Brazil. Such instability and vulnerability has antagonistically influenced and will later on influence the organization's customers and the levels of business exercises in a few businesses and topographies where the organization operates, which may reduce demand for its services.

This has additionally affected the sorts of services that customers are requesting; for instance, customers are asking for a higher volume of outsourcing services and setting a more noteworthy accentuation on expense reserve funds initiatives. These changing interest examples could have a material unfavorable impact on Accenture's new contract bookings and aftereffects of operations.

The organization's outsourcing business confronts noteworthy difficulties. Firstly, the normal bill rate of innovation and business outsourcing have declined extensively more than 10% since 2006 and particularly the bill rates were further pressurized post-retreat when the organizations kept on leaning toward less expensive outsourcing arrangements. Quick competition from minimal effort seaward districts, for example, India further pushed down the bill rates. These patterns demonstrate that the outsourcing business' edges will be pressurized sooner rather than later.

Being a worldwide organization, Accenture's incomes are named in different monetary standards and may be altogether influenced by money swapping scale changes. On the off chance that the US dollar debilitates against different coinage, bringing about positive cash interpretation, the organization's incomes and income development in the US dollars may be

higher. In the event that the US dollar fortifies against different monetary forms, bringing about unfavorable cash interpretation, the organization's incomes and income development in US dollars may be lower. At the point when contrasted with FY2012 the US dollar reinforced against numerous monetary forms amid FY2013. This brought about unfavorable money interpretation and the US dollar income results were roughly 2% lower than the income bring about neighborhood coin. Hence, money conversion scale vacillations might contrarily affect the incomes of the organization.

### VRIO Chart

In surveying the wellbeing of a company's inward surroundings and competitive point of preference, the VRIO is a useful instrument. The premise of the examination is a careful assessment of an organization's different assets and capacities. So as to ready to grow its company, put resources into new innovation and offer competitive pay to specialists (pay rates and rewards) and shareholders (profit and stock re-buys), an organization to be competitive in this industry must have a sound explanation of income, sensible obligation (to have the capacity to reimburse premium) and solid capacity to raise capital (which can be assessed by a company's arrival measures: degree of profitability and come back to value – if these measures are fit as a fiddle). To have the capacity to increase competitive favorable position against its rivals, an organization in this industry additionally needs best in class innovation and brilliant generation forms. We likewise accept that the area of creation is critical so as to pick up point of interest in the expense structure.

The last arrangement of interior components that help an organization to propel in its industry is its elusive assets and hierarchical abilities. To begin with, I accept that advancement and innovativeness are two of the most vital perspectives in the consulting business. The firm that can utilize and use very productive managers will subsequently increase considerable favorable position. I likewise accept the firm with the most grounded deals group (promoting division) and client services offices will turn into the best. This is especially vital in this industry, as companies frequently turn out with new items. Further, moderately high competition in this industry is another motivation behind why these companies ought to concentrate on solid

promoting groups and strong client administration.e speculators are liable to put their capital in the organization).

In this investigation, I have picked the assets and abilities that scholars accept are the most critical for companies in the technology & management consulting industry.

	Value	Rarity	Imitation	Organization	Competitive Advantage
<b>Human Capital</b>					
Huge Workforce	Yes	No	No	Yes	Partially
Variable Expertise	Yes	Yes	Yes	Yes	Sustained
Sales & Marketing	Yes	Yes	No	Yes	Temporarily
<b>Intellectual Capital</b>					
No. of IPs	Yes	Yes	Yes	Yes	Sustained
Research	Yes	Yes	No	Yes	Temporary
Processes & Applications	Yes	Yes	No	Yes	Temporary
<b>Relationship Capital</b>					
Brand Equity	Yes	Yes	Yes	Yes	Sustained
Global Presence	Yes	Yes	No	Yes	Temporarily
Large Client Base	Yes	Yes	Yes	Yes	Sustained
Strong Industrial Presence	Yes	Yes	No	Yes	Temporarily
Institutional Relationships	Yes	Yes	Yes	Yes	Sustained
<b>Capabilities</b>					
Financial Strengths	Yes	Yes	Yes	Yes	Sustained
Delivery Models	Yes	Yes	No	Yes	Temporarily
Large Project Executions	Yes	Yes	No	Yes	Temporarily
Talent Development Centers	Yes	No	No	Yes	Partially



## Conclusion

Based on Porter's five force analysis the market for Accenture is attractive. Its strategy of "go-to-market" is an effective strategy and creates a good competitive advantage on its rivals. As long as it can strategize its strategy for the future market it will remain in the top position in technology and consulting industry.

Accenture also has a good balance between its potential strengths weaknesses, opportunities and threats. However it should strategize and overcome its weaknesses and capitalize the opportunity in the future markets so as to be a leading market partner. Unlike other companies in the market it should not share the potential information with its partners and develop an evaluation techniques to nullify there force to dispose them.

The major dependencies in consulting service however will saturate at some point so it should enter into new markets and expand their presence as in cloud based services enterprise markets and mobile technologies.

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## Appendix

### IT Finances

	Fiscal Year										Q1FY12	Q2FY12	CAGR**
	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011			
Revenue	\$11,574	\$11,818	\$13,673	\$15,547	\$16,646	\$19,696	\$23,387	\$21,577	\$21,551	\$25,507	\$7,074	\$6,797	9%
Operating Income	\$1,385	\$1,551	\$1,759	\$2,111	\$1,841	\$2,493	\$3,012	\$2,644	\$2,915	\$3,470	\$981	\$889	11%
Operating Margin %	12.0%	13.1%	12.9%	13.6%	11.1%	12.7%	12.9%	12.3%	13.5%	13.6%	13.9%	13.1%	
Operating Income Adjusted *				\$1,778	\$2,111	\$2,493	\$3,012	\$2,896	\$2,915	\$3,470	\$981	\$889	12%
Operating Margin % Adjusted				11.4%	12.4%	12.7%	12.9%	13.4%	13.5%	13.6%	13.9%	13.1%	
Earnings Per Share	\$0.56	\$1.05	\$1.22	\$1.56	\$1.59	\$1.97	\$2.65	\$2.44	\$2.66	\$3.40	\$0.96	\$0.97	22%
Free Cash Flow	\$827	\$1,333	\$1,474	\$1,569	\$2,362	\$2,266	\$2,483	\$2,917	\$2,853	\$3,038	\$394	\$772	17%

\* FY2005 results adjusted for SFAS 123 stock options expense(\$218) and Reorganisation benefit (\$115m) for comparison purposes to FY2006

\* FY2006 results incorporate adoption of SFAS 123 and are adjusted for Reorganization benefit(\$72m) and NHS Agreement (-\$342m)

\* FY2009 adjusted results are adjusted for the restructuring charge (\$253m)

\*\* Represents CAGR over 9.5 years using a trailing twelve month basis, besides Operating Income Adjusted which is over 6.5 years using the same basis

### Return on Investment

	Fiscal Year										Q1FY12	Q2FY12
	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011		
Return on Invested Capital	91%	73%	56%	55%	49%	58%	71%	57%	62%	66%	70%	61%
Return on Equity	110%	75%	59%	59%	53%	62%	73%	58%	62%	67%	70%	62%
Return on Assets	16%	17%	17%	18%	16%	17%	19%	16%	16%	18%	19%	19%

\* Represents metrics using a trailing twelve month basis