Accenture

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Accenture Ltd.

<table>
<thead>
<tr>
<th>Type</th>
<th>Public</th>
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<tr>
<td>(NYSE: ACN, ISIN: BMG1150G1116)</td>
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<table>
<thead>
<tr>
<th>Founded</th>
<th>1989 as Andersen Consulting</th>
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<table>
<thead>
<tr>
<th>Headquarters</th>
<th>Accenture Ltd. Hamilton, Bermuda (registered)</th>
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<tbody>
<tr>
<td></td>
<td>Accenture LLP Chicago, Illinois, United States (Main Business Office)</td>
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<table>
<thead>
<tr>
<th>Key people</th>
<th>William (Bill) D. Green, Chief Executive Officer</th>
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<table>
<thead>
<tr>
<th>Industry</th>
<th>Management consulting, technology services and outsourcing</th>
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<table>
<thead>
<tr>
<th>Revenue</th>
<th>$19.7 billion (2007)</th>
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<table>
<thead>
<tr>
<th>Net income</th>
<th>$1.24 billion (2007)</th>
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<table>
<thead>
<tr>
<th>Employees</th>
<th>about 170,000 (2007)</th>
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<table>
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<tr>
<th>Slogan</th>
<th>High performance. Delivered.</th>
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<table>
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<tr>
<th>Website</th>
<th><a href="http://www.accenture.com">www.accenture.com</a></th>
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Accenture Ltd. (NYSE: ACN, ISIN: BMG1150G1116) is a global management consulting, technology services, and outsourcing company registered in Hamilton, Bermuda with its main U.S. office in Chicago, Illinois. With more than 170,000 employees in 49 countries and reported revenues of US$19.7 billion in 2007, Accenture is the largest consulting firm in the world\(^1\) and is one of the largest computer services and software companies on the Fortune Global 500 list.\(^2\)

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  - 1.3 Emergence of Accenture
  - 1.4 IPO
History

Formation and early years

Accenture originated as the consulting division of Arthur Andersen, which Arthur Andersen and Clarence DeLany founded in 1913 as Andersen, DeLany & Co. Accenture's origins are in a 1953 feasibility study for General Electric. GE asked Arthur Andersen about the feasibility of automating payroll processing and manufacturing at GE's Appliance Park facility near Louisville, Kentucky. Arthur Andersen recommended installation of a UNIVAC I computer and printer, and GE agreed, which is the start of what became the first-ever commercial computer in the United States. Joe Glickauf was Arthur Andersen's project leader for the GE engagement and was responsible for the payroll processing automation, launching commercial data processing in the United States. Considered to be the father of computer consulting, Glickauf headed Arthur Andersen's Administrative Services division for 12 years.

Splitting from Arthur Andersen

In 1989, that division split from Arthur Andersen and began using the name Andersen Consulting. Both Arthur Andersen and Andersen Consulting consisted of groups of locally-owned independent partnerships and other entities around the world, each in a contractual agreement with Andersen Worldwide Société Coopérative (AWSC), a Swiss administrative entity.

Through the 1990s there was increasing tension between Andersen Consulting and Arthur Andersen. Andersen Consulting was upset that it was paying Arthur Andersen up to 15% of its profits each year (a condition of the 1989 split was that the more profitable unit - AA or AC - paid the other this sum), while at the same time Arthur Andersen was competing with Andersen Consulting through its own newly established business consulting service line. This dispute came to a head in 1998 when Andersen Consulting claimed breach of contract against AWSC and Arthur Andersen. Andersen
Consulting put the 15% transfer payment for that year and future years into escrow and issued a claim for breach of contract. In August 2000, as a result of a conclusion of the International Chamber of Commerce, Andersen Consulting broke all contractual ties with AWSC and Arthur Andersen. As part of the arbitration settlement, Andersen Consulting paid over the sum held in escrow (then $1.2 billion) to Arthur Andersen, and was required to change its name, resulting in the entity being renamed Accenture.

By 2000, Andersen Consulting had achieved net revenues exceeding US$9.5 billion and had more than 75,000 employees in 47 countries \[3\], whereas Arthur Andersen had revenues of US$9.3 billion with over 85,000 employees worldwide in 2001.

**Emergence of Accenture**

On January 1, 2001 Andersen Consulting adopted its current name, "Accenture". The word "Accenture" is derived from "Accent on the future". Although a marketing consultancy was tasked with finding a new name for the company, the name "Accenture" was chosen by an employee from the Oslo office named Kim Petersen, 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. The choice of name also means that the company appears closer towards the top of any alphabetised lists, and retains the AC letter sequence of its previous identity.

It is also rumored that while the idea came from someone in the Oslo office, the thought that started that idea came from the training regime that almost all new employees to AC were put through, where many of the classes were called "Accent on C", a reference to the C programming language.

**IPO**

On July 29, 2001, Accenture offered initial public offering (IPO) at the price of $14.50 per share in New York Stock Exchange (NYSE); Goldman Sachs and Morgan Stanley served as its lead underwriters. Accenture stock closed the day at $15.17, with the day's high at $15.25. On the first day of the IPO, Accenture raised nearly 1.7 billion dollars.

**Organizational structure**

Its organizational structure includes divisions based on client industry types and growth platforms. Industry divisions, referred to as Operating Groups, include Products (e.g. consumer packaged goods or industrial equipment), Communications High Technology and Media ('CHT'), Financial Services (e.g. banking, insurance), Resources (e.g. utilities, chemicals, energy), and Public Service. The growth platforms are
respectively titled Management Consulting & Integrated Markets, Outsourcing, and Systems Integration & Technology.

Service areas

Management Consulting

- Customer Relationship Management
- Finance & Performance Management
- Human Performance
- Strategy
- Supply Chain Management

Technology Consulting

- Enterprise Solutions
- Information Management Services
- Integration
- Infrastructure Consulting Services
- IT Strategy & Transformation
- Microsoft Solutions
- Mobile Solutions
- Research & Development
- Service Oriented Architecture

Outsourcing

- Application Outsourcing
- Business Process Outsourcing
- Infrastructure Outsourcing

Controversy and criticism

Enron scandal and the Accenture name

There is a misconception that the name change from Andersen Consulting to Accenture was simply the consulting firm's attempt to "hide" from the Enron scandal. This is not accurate given the timing of events. The split from Arthur Andersen was requested by the consulting side in 1998, and finally awarded in 2000; the Enron scandal (starting with the reporting of the infamous "LJM Partnerships") did not occur until well into 2001, with the scandal culminating in the months after that.

In reality, planning for a new name was underway before the arbitration decision was announced
(Andersen Consulting partners felt that the word "Consulting" in the name was a drawback, since the firm was moving into non-consulting work such as outsourcing and ventures). Interestingly, internal Arthur Andersen emails in 2001 sent to all employees discussed future plans for Arthur Andersen to move ahead in the market with 3 names: Andersen Tax, Andersen Audit, and Andersen Consulting now that they had ownership over the name. Arthur Andersen was never able to revive the "Andersen Consulting" name since it was brought down by the Enron scandal before doing so. Accenture is typically listed in the top 100 corporate brands[^4], so the name change appears to have been a positive for the consulting firm. The fact that it is disassociated from the Arthur Andersen name certainly proved to be a positive after the Arthur Andersen/Enron scandal.

In addition, Accenture was absolved and not held liable of any involvement in the Enron scandal in court.

**Tax haven headquarters**

In October 2002, the Congressional General Accounting Office (GAO) identified Accenture as one of four publicly-traded federal contractors that were incorporated in a tax haven country.[^5] The other three, unlike Accenture, were incorporated in the United States before they re-incorporated in a tax haven country, thereby lowering their U.S. taxes. Still, critics have panned Accenture's incorporation in Bermuda, generally because they viewed Accenture as having been a U.S.-based company trying to avoid U.S. taxes.[^6] The GAO itself did not characterize Accenture as having been a U.S.-based company; it stated that "prior to incorporating in Bermuda, Accenture was operating as a series of related partnerships and corporations under the control of its partners through the mechanism of contracts with a Swiss coordinating entity."

**Movement of jobs outside the U.S.**

Accenture has been criticized repeatedly by Lou Dobbs of CNN and others for moving some jobs outside the U.S. that results in loss of work and employment for some U.S. citizens. This is because Accenture utilizes *Global Delivery Centres* in South Asia and Southeast Asia (such as Bangalore and Mumbai in India, and, Manila and Cebu in the Philippines) to reduce cost and increase profit margin in outsourcing deals with major U.S. companies. This enables Accenture to perform work (such as software development and call centre support) at a greatly reduced employee cost as compared to U.S. employees.

As of October 2007, Accenture employs more people in India than in the U.S.

As a balance to the criticism about movement of jobs outside the U.S., Accenture's employee population in the U.S. has increased from 28,000 in 2005[^7] to more than 29,000 in 2007[^8]. According to the map of Accenture’s Delivery Centre locations[^9], the Delivery Centres are evenly distributed across the world with 7 centres in Europe, 7 centres in South East Asia and 7 centres in North America.
Because of Accenture's investment in India, many Indian major players such as Infosys, Tata Consultancy Services, and Wipro, along with other market-setters, such as IBM and Siemens IT Solutions and Services, have become its competitors.

Loss of sensitive data

In September 2007, Accenture was implicated in a high-profile case of loss of sensitive data (sometimes referred to as a "data spill") on individual American citizens. The information was contained on a backup computer tape being used in the development of a government information system for the state of Ohio which was stolen on June 10, 2007. The stolen tape contained the names and Social Security numbers of every Ohio state employee, more than half a million people owed tax refunds by the state of Ohio, 602 Ohio state lottery winners who had not cashed their winnings, 84,000 welfare recipients, tens of thousands of other individuals, taxpayer identification numbers for Medicaid providers, and bank account information for school districts and local governments.

In addition to the Ohio data, the tape also contained a great deal of information related to the state of Connecticut, also an Accenture client, including "information on nearly every bank account held by state agencies – including checking accounts, money market accounts, time deposit accounts, savings accounts, trust fund accounts, treasury and certificates of deposit – which could total billions of taxpayer dollars. The tape lists agency names, account numbers, bank names and types of accounts ... the account numbers of numerous state procurement cards – known as ‘P-Cards’ – most of which were fortunately out of date ... the names and Social Security numbers of dozens of Connecticut taxpayers ... [and] numerous detailed documents from the development and implementation of the CORE-CT project," according to a press release by Connecticut governor Jodi Rell on September 16, 2007. Governor Rell stated that the Connecticut data was being used in Ohio by Accenture to aid in the development of a similar state government information system.

The tape was stolen from the car of 22 year old Jared Ilovar, a $10.50 an hour intern in the Ohio Office of Budget and Management, who had been assigned to take home a backup computer storage device as part of a data security program, quickly terminated by Ohio governor Ted Strickland during the storm of public indignation after the theft became public on June 15. Ilovar was fired when he refused to resign, stating that he had been made a scapegoat for this questionable policy when his car, along with four others, was broken into outside his apartment complex outside Columbus, Ohio; "I was a victim of a random car theft, and now I am the scapegoat for the state of Ohio. On the subject of instructions, I was never instructed by my employer on how to properly secure, store or watch over the data tapes at night. ... I was the newest person in the door, so I inherited the job of taking the data tapes out of the building. That was the extent of my instructions."

Connecticut State Comptroller Nancy Wyman reported that Accenture would pay for two years of identity theft protection for the 57 Connecticut residents and one from out of state whose lost data originated in her office.
Subsidiaries

- Coritel BPM [1] (http://www.coritel.es/) is the Spanish subsidiary of Accenture devoted to software development and outsourcing. It was founded in 1984 and currently has 6,500 workers.


- Navitaire [3] (http://www.navitaire.com/) is a subsidiary of Accenture, dedicated to providing specialized solutions to airlines.


- Accenture National Security Services is a subsidiary of Accenture, dedicated to providing services directly to United States government and military agencies. It was specifically incorporated as a US subsidiary to meet a congressional mandate that defense contractors be based in the US.

- Accenture Technology Solutions is a subsidiary of Accenture, dedicated to providing technology solutions to the client. The solutions work is mainly outsourced to low-wage developing countries like India, The Philippines and Romania - Accenture India Delivery Centre, Accenture Manila Delivery Center and Accenture Bucharest Delivery Center.

- Accenture SAP Solutions is a subsidiary of Accenture, dedicated to providing SAP solutions to the client. It has taken Coritel BPM SAP resources and turned it into this new unit called: ASAPS.

Visual identity

The typeface used in the Accenture wordmark is Rotis Semi-sans, designed by Otl Aicher in 1988. The right-pointing carat character over the t is intended to indicate the company's orientation to the future. The character is similar to an accent mark in music. The corporate descriptor for Accenture is "High performance. Delivered.", which replaced the previous slogan "Innovation. Delivered." in 2004.

Tiger Woods is a celebrity spokesperson for the company. The campaign uses the service mark "Go on. Be a Tiger," and the ancillary statement "We know what it takes to be a Tiger."

See also

- WGC-Accenture Match Play Championship
- Top 50 Business Intellectuals
Spoof: Bigtime Consulting

References

5. ^ Information on Federal Contractors That Are Incorporated Offshore (http://www.gao.gov/new.items/d03194r.pdf); United States General Accounting Office; October 1, 2002
7. ^ Source from United States Senate (http://www.senate.gov/~finance/Technical%20Correction%202005/August%2031v1.pdf)
8. ^ Accenture United States (http://www.accenture.com/Countries/USA/default.htm)

External links

- Official website (http://www.accenture.com/)

Retrieved from "http://en.wikipedia.org/wiki/Accenture"

Categories: Companies listed on the New York Stock Exchange | Companies listed on the Frankfurt Stock Exchange | International management consulting firms | International information technology consulting firms | Companies established in 1989 | Performance consulting firms | Open Travel Alliance | Companies based in Chicago

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