



Accenture Profile

Updated June 2003
By Richard Girard

LAST UPDATED JUNE 2003

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1. Organizational Profile

Formerly known as Andersen Consulting, Accenture is major provider of management and technology consulting. Social Services outsourcing for State and Provincial Governments, especially in the area of Welfare services, is one of Accenture's focus areas and is the main focus of this profile. This outsourcing for government includes computer systems design and network creation and management. Accenture's history of social services outsourcing, which often amounts to privatization of major parts social services delivery under a certain time period, has often been very problematic. The problems have been especially serious in the U.S. states of Ohio and New York and the Canadian Province of Ontario, as can be seen in this profile under "Social Profile".

- Formerly Andersen Consulting, Accenture is major provider of management and technology consulting services and solutions. From their website: "We strive to be a global market maker, architect and builder of the new marketplace, developing innovations to improve the way the world works and lives".
- Social Services outsourcing for State Governments, especially in the area of Welfare services, is one of Accenture's focus areas. This outsourcing for government includes computer systems design and network creation and management.
- Two other key areas of Accenture's consulting practice are promoting the privatization of government services through [Government Outsourcing Consulting](#) and the introduction of business language and processes into those government services that remain public through [Customer Relationship Management](#) (this is done in part through the promotion of the idea that users of government services are customers or clients, rather than citizens). Tellingly, Accenture's government outsourcing consulting work helps Accenture in promoting government outsourcing contracts with government, in itself a major growth area of business for Accenture.
- Also offers its multinational clientele such services as business re-engineering, data system design and implementation, customer service system consulting, Internet sales systems research and design, and traditional strategic planning.
- Accenture is the new name for Andersen Consulting, which broke away from Arthur Andersen in 2000, after a longstanding feud. The change to Accenture was the fastest, most expensive re-branding effort in history as everything was changed to fit the new logo in a matter of days. It is Arthur Andersen that is in so much legal trouble for allowing Enron to cook their books and destroying Enron's documents as Enron collapsed. While Accenture states that because it is no longer tied to Andersen it is not implicated in the Andersen/Enron scandal, the Wall Street Journal reported that Accenture might have some legal exposure to the Enron scandal, especially if Accenture had anything to do with consulting for Enron's 'special-purpose entities' which were among the main players in Enron's collapse.
- Accenture has more than 75,000 employees based in more than 110 offices in 47 countries delivering a wide range of consulting, technology and outsourcing services.

(For simplicity, the name Accenture is used at all times to refer to the company in this profile, including references before January 1, 2001 when the company was Andersen Consulting)

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Hamilton HM12, Bermuda

(for information on US corporations incorporated overseas click [here](#))

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www.accenture.com

Mail Address:

Accenture Investor Relations
1345 Avenue of the Americas, 18th floor
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Executives in 2003:

Mr. Joe W. Forehand - Chairman and CEO, Salary: \$2,112,000

Mr. Stephan A. James - Chief Operating Officer, Salary: \$1,782,000

Mr. Vernon J. Ellis - International Chairman

2. Economic Profile

Financial Data	2002	2001	2000	%Change 2001-2002
Revenue	US\$11,574m	US\$11,443m	US\$9,752m	1.1%
Net Income	\$576m	\$292m	\$2,464m	49%

For quarter ending February 2003	
Revenue	US \$2.82 billion
Net Income	\$249.8 million (up 90% from the previous year)

Strong gains in tough times for consultants because of Government Contracts (revenues of \$337 million - up 58%) and overseas (non-US) contracts (revenues of \$1.33 billion - much of this due to strong growth in Europe, the Middle East, Africa, and Asia)

Long Term Debt **\$3.4 million**

(Accenture has a very low debt to equity (shares) ratio which is one indicator of a strong financial position as it allows a lot of room for borrowing without fear of not being able to pay it when it comes due)

Selected Transactions and Activities of the Past Few Months

May 2003 - The Province of Ontario's Workplace Safety and Insurance Board (WSIB) offered Accenture a \$500 000 (CND) contract to review the board's operations. The contract did not go through a formal public tendering process. <http://cupe.ca/www/news/5007>

April 2003 –Accenture's newly formed subsidiary, Accenture Business Services of British Columbia <http://www.accenturebizservicesbc.com/> is officially launched. The subsidiary, formed through an agreement with the Province of British Columbia's utility BC Hydro, will offer Information technology and back-office services to the utility industry throughout North America. Accenture Business Services of British Columbia's deal to provide services to British Columbia's public utility is covered below.

March 2003 – It was announced that Accenture was awarded a five-year \$50 million contract by Germany's federal labor office to design, build and operate a job portal that will link employers and job seekers with government officials at the labor office via the internet.

March 2003 – Accenture announced that it will dismiss 760 managers and partners, or 1 percent of its workforce. Most of the cuts will occur in the United States.

February 2003 – The Canadian Province of British Columbia's Crown (Province owned) Corporation BC Hydro and Accenture, signed a 10-year \$1.45 CDN deal in which a newly formed subsidiary of Accenture, Accenture Business Services of British Columbia Limited, will take over BC Hydro's customer services, information technology services, network computing services, human resource services, financial systems, purchasing and building and office services. The deal completes a process begun by BC Hydro in October 2001 of looking to the private sector to take over some of the utility's services. The deal has produced an outcry from many British Columbians, including a class-action lawsuit brought against BC Hydro and the Province, who claim that the deal is the beginning of the total privatization of hydro services in the Province. For more information on the deal and how to join a growing resistance movement in British Columbia visit:

<http://www.handsoffhydro.com>

<http://www.opeiu.org>

<http://www.creativeresistance.ca/awareness-toc/awareness-bc-hydro.htm>

<http://www.bchydro.com/policies/openness/openness4653.html>

<http://www.creativeresistance.ca/watch/2002-sept04-statement-of-claim-leo-mcgrady-qc.htm>

December 2002 – Accenture signed a seven-year \$200 million business process outsourcing agreement with Italian telephone giant Telecom Italia Group. Accenture will provide outsourced payroll processing and administrative services.

October 2002 - Accenture was awarded a 3 1/2 year, \$39 million contract from the State of Colorado Department of Labor and Employment to 'reengineer' the state's unemployment insurance system. The project involves integrating tax and benefits information and business processes with the unemployment insurance system.

September 2002 – In a contract worth an estimated 87 million Pounds, Thames Water, the world's third-largest water company, announced that it will outsource its information technology infrastructure services in the United Kingdom and Ireland to Accenture. In 2001 Thames Water was purchased by German waste management and electricity giant RWE. After purchasing Thames Water, RWE has been able to expand its operations into the U.K. and Australia, as well as several countries in Asia, the Middle East, Latin America, and parts of eastern Europe. For more information on RWE and Thames Water visit:

http://www.polarisinstitute.org/pubs/pubs_blue_gold_ch5.html

July 2002– California State Treasurer announced a policy prohibiting dealings with publicly-held US corporations that relocate outside the United States, in name only, to avoid paying taxes. Accenture, whose head office relocated to Bermuda in the early 1990s appears on a list posted by the California State Treasurer of corporations identified as expatriating to offshore tax havens. Read the press release here:

<http://www.treasurer.ca.gov/news/releases/2002/07252002offshore.pdf>

July 2002 – CustomerWorks Limited Partnership, which is owned by Canadian companies Enbridge Inc. and BC Gas Inc. (now Terasen Gas), outsourced the provision of its customer care services to a CustomerWorks Inc. a newly created subsidiary of Accenture. Accenture's new subsidiary assumes responsibility for the customer management services for the more than 3.5 million utility customers in Canada served through CustomerWorks Limited Partnership. For more information on Accenture and the outsourcing public services for Canada's utilities visit: <http://www.citizensforpublicpower.ca/pdfs/accenture.pdf>

July 2002 - Accenture was awarded a five-year multi million dollar contract by the Commonwealth of Pennsylvania's Department of State to build and manage a centralized voter registration and election management system.

http://www.accenture.com/xd/xd.asp?it=enwebandxd=dyn/dynamicpressrelease_516.xml

June 2002 – Accenture signed a six-year outsourcing agreement to implement and provide support for information technology systems at the Goro Nickel S.A. operation, a \$1.4 billion commercial nickel-cobalt mining project in New Caledonia. Goro Nickel S.A. is a subsidiary of Canadian Nickel giant Inco Limited and is partly owned by the French Government (15%). In December 2002 Inco announced that it was undertaking a financial review of the project due to cost overruns. Inco has also been criticized throughout the building process over its environmental assessments and the treatment of New Caledonian Indigenous groups. For more information visit:

<http://www.minesandcommunities.org/Action/press132.htm>
<http://www.incoltd.com/projects/goro/default.asp>
<http://www.environmentaldefense.org/article.cfm?ContentID=2601>

May 2002– Accenture was selected by the Belgian government to develop, operate and maintain a government portal that will give Belgians and Belgian businesses access to government information and services via the internet. The portal will eventually facilitate transactions with the Belgian Government.

May 2002 – Ireland's Office of the Civil Service and Local Appointments Commissioners has looked to Accenture to develop and launch an online job application system using the Accenture eGovernment Accelerator. Accenture stated in a press release that the 19-week contract will showcase the speed with which governments can deploy eGovernment services using Accenture's eGovernment Accelerator. For information on Accenture's eGovernment visit:

http://www.accenture.com/xd/xd.asp?it=enwebandxd=industries/government/gove_capa_egov.xml

March 2002 - It was announced that Accenture planned to sell some of its "loss-producing investments" resulting in \$212 million to cover losses on the sale. Accenture planned to consolidate these investments into a single subsidiary and then sell it.

February 2002 - Accenture put out a study on "Outsourcing Government Services to the Private Sector" saying that outsourcing is finally "beginning to be explored as a way to transform the culture and effectiveness of government workplaces." This report fits quite well into promoting Accenture's fastest growing business, government outsourcing contracts. Key lessons from the report, which was based on surveys with 50 high level government executives, included "involving employees and unions early... to help them navigate the process." [Click for a summary of the report and access to the full report.](#)

Early 2002 - Currently bidding on a contract to build the welfare payment delivery system for the British Columbian (Canada) government. Accenture submitted their proposal based on its work in Ontario which it portrays as a success, but it is considered a serious failure in many quarters, including two scathing reports from the Ontario Provincial Auditor. (See Social Profile Below)

October 2001 - Avaya signs multi-year outsourcing agreement with Accenture to provide "end-to-end learning services including web-based e-learning and classroom-based training, to Avaya employees, customers and Business Partners."

October 2001 - Names six new directors to its board. Steve Ballmer, CEO of Microsoft; Robert Lipp, former chair of Travelers Property Casualty; Blythe J. McGarvie, CFO of BIC Group; Sir Mark Moody-Stuart, former chair of The Shell Transport and Trading Company; Wulf von Schimmelmann, CEO of Postbank; and Dina Dublon, CFO of J.P. Morgan Chase and Co.

October 2001 - Halliburton and Accenture announced a major expansion of their longstanding relationship with the signing of an alliance between Accenture and Landmark Graphics Corporation, a wholly owned business unit of Halliburton which is "the world's leading supplier of software and services for the upstream oil and gas industry."

August 2001 - acquired the business of Epylon Corporation, a provider of hosted eProcurement systems for government and education institutions.

August 2001 - Won a Bid to Redesign and Host IRS.Gov, the U.S. Internal Revenue Service (IRS) Web Site

August 2001 - Accenture and Skila, Inc., the leading provider of Web-based global knowledge systems for the business of healthcare formed an alliance to develop and market new 'knowledge solutions' for the pharmaceutical, biotechnology and medical products industries.

July 2001 - Accenture awarded 13 and a half Year Contract by Four-County California Consortium to Design, Build and Run their Welfare System

May 2001 - New York City Unveils Redesigned, Redefined Portal through Accenture, 'NYC.Gov;' Declares "Government is Always Open"

3. Political Profile

Accenture Coalitions, Committees, and Talks, especially those with direct General Agreement on Trade in Services (GATS) connections/implications:

- Member of the [US Coalition of Service Industries \(USCSI\)](#) - the key coalition of top services based corporations fighting for the implementation of the WTO-GATS agenda of vastly extended privatization and liberalization of the services trade across borders. As an example, the USCSI was one of the biggest pushers for China's membership in the WTO, and Accenture has offices in China hoping to be a major consulting firm for multinational corporations wishing to enter the Chinese market and for Chinese firms wishing to enter the world market. The managing partner at Accenture China, Li Gong, had this to say: "China's speedy economic reform and structural reshuffle are to offer us more business opportunities... and China's [then] imminent accession to the WTO... will again stimulate the trend of economic globalization, and be another engine to fuel our business in the Chinese market." ("Accenture Aims to Serve China" Business Daily Update, July 4th, 2001)
- They are also members of the [European Services Forum \(ESF\)](#), the equivalent organization in Europe to the USCSI. Accenture is one of only a handful of corporations to hold membership in both services coalitions, an indication of their global reach and their commitment to services privatization and liberalization on a global scale.
- Member of [US Trade](#) - the key coalition pushing to get Trade Promotion Authority, or "fast Track" powers to the US President. Fast Track would give Bush the power to negotiate trade agreements without having to deal with Congressional influence or amendments, beyond yes/no votes on broad policy.
- Accenture CEO Joe Forehand - is a member of the Business Steering Committee of the [Global Business Dialogue on eCommerce](#)
- In collaboration with The Economist magazine, Accenture released in 1999 a survey of 700 senior government officials from 12 countries, entitled Vision 2010: forging tomorrow's public-private partnerships. Called a "very useful synopsis of the global potential for public-private initiatives."

Accenture's Political Campaign Contributions:

- U.S. Government - Gave \$220,947 in Political Action Committee (PAC) contributions in the 2000-2002 election cycle (43% to Democrats, 57% to Republicans) Gave \$86,487 in 'soft money' contributions (\$20,500 to the Democrats and \$65,987 to the Republicans) (From the Center for Responsive Politics www.opensecrets.org) \$220,947 2000-2002

- Province of Ontario, Canada - Accenture has a huge, problem-filled contract, to 'streamline' the delivery of welfare in Ontario (see problem contracts below). In 2000 and 2001, Accenture gave \$20,000 Canadian to the governing Tories. Interestingly, they started making donations to the Tories only after the Tory government's Accenture contract was given a scathing review by the Provincial auditor, and they were forced to renegotiate the contract. Said Deputy Liberal Leader Sandra Pupatello: "They [Accenture] were fearing that they were going to lose the contract altogether because the government was taking far too much heat on this contract. Then, suddenly, they started contributing to the PC Coffers" (Hamilton Spectator ['Briefly' Section] "Tory Welfare Donations Under Fire" October 25, 2001; "Consulting Firm Boosts PC Coffers, Liberals Say" Richard Brennan, Toronto Star, October 25th, 2001)

4. Social Profile

Accenture Problem Contracts and Investments:

Ohio Welfare System Scandals - Up to 1998, the former welfare director of Ohio, Arnold Tompkins, awarded nearly \$26 million in unbid contracts to Accenture and later, after he left public office, was given a \$10,000 a month job from Accenture. The largest of the contracts he signed with Accenture (\$16.1 million) was approved less than a month before he left office and was done over the objections of his whole contractual review committee, which said the contract was too expensive and had not been competitively bid. In November 2001, charges of improper steering of contracts to set up work for himself after leaving office along with charges of conflict of interest, ended with a 'slap in the wrist' for the guilty Tompkins. He received a sentence of only 300 hours of service to develop a plan to "integrate county based law enforcement computer systems." This is all he received as punishment for blatantly attempting to make private gain, through his Accenture connections, from the public service. By November 2002 Tompkins had only completed 12 of the 300 hours and the judge in the case is considering changing the sentence.

One other person, Accenture consultant Donna Givens, was charged conflict of interest and accepted a plea to entering a program for first time offenders in order to avoid prosecution. She was required to perform 40 hours of community service, and repay the \$22,698 in improper travel reimbursement she received while working simultaneously for the State and Accenture.

The contracts themselves, which were to set up the state's welfare reform program and the Ohio Works job matching service computer program and website (called ServiceLink), were wrought with problems. These included the website kicking users off shortly after they sign on, demanding too much personal information, and the site not allowing job searchers to browse job listings. This has led to the reinstatement of the old-job matching system, Ohio JobNet, after ending the Accenture system based on its "[not meeting] cost data-collection and report generation expectations." In fact, no one seemed to like the system, including both workers and employers. Cost and accountability wise, the contracts were filled with problems such as Accenture billing the state up to \$450/hour per manager. A consultant was paid \$123,000 for working 492 hours in a month (this averages out to a nearly impossible 16 hours/day for 31 days). Work done by Cochran public relations to convince the public of the necessity of Accenture, was marked up by 63%, costing taxpayers \$67,300. Taxpayers pay up to "\$93,750 a month for coffee, lunches, California hotel rooms, office furniture, office rental, carpeting, and a 'husband for rent' repair service".

[Sources: "State Agency's Former Leader Accused of Wrongdoing" Columbus Dispatch, June 30, 2001; "State Probes \$26 million no-bid deal" Cleveland Plain Dealer, January 26, 2001; Ohio Works Problems Lead to Reinstatement of old job-matching, Dayton Daily News, March 12, 2001; "Tompkins' Sweet Deal" Cleveland Plain Dealer, November 13th, 2001; "Ex-Official Sentenced to Fix Computers" Tim Doulin, The Columbus Dispatch, November 3rd, 2001; "Ex-State Official to be Sentenced November 2, Catherine Candisky, September 15th, 2001"; "Job and Family Services runs into still more computer problems" Ted Wendling, Cleveland Plain Dealer, February 5th, 2002; Associated Press, November 14, 2002]

New York 'Connections' Child Monitoring Computer System - With software, programming and monitoring provided by Accenture [IBM provided the hardware], this system to enable private and public agencies to track child abuse reports has been filled with problems. It is incomplete, was nearly 3 years overdue, and cost \$362 million up to early 1999 which is 3 times the original price tag. Accenture has been unaccountable as their responsibilities were not spelled out, leaving New York at Accenture's mercy. For example, Accenture projected 5,448 billable days of working on the project, and it has grown to over 28,000, all at the expense of taxpayers.

["Foster Care Agencies Fault Statewide Computer System" Somini Sengupta, New York Times, May 13, 2000; "Computer Costs Soar, Study Says" The Times Union (Albany, NY), March 11, 2001; "Experts offer a \$54 million solution" James M. Odat, March 17, 2001]

Florida - In December 2001, the Florida auditor general blasted two state agencies that signed contracts with Accenture for not conducting a feasibility study or having a cost-benefit analysis prepared to see if the contracts were acceptable. The new system for the Department of Business and Professional Regulation and the State Technology office, will cut 360 full time positions from the 1,700 person workforce. Other concerns raised by the auditor included contracts being signed even though compensation had not been agreed upon; inadequate records detailing changes to the contracts during negotiations; and unclear and possibly duplicate functions being assigned to both Accenture and the State Technology office. Despite this evidence, the agencies rejected the auditor's report, saying the auditors just don't understand the process and that there were no improprieties. Prior to the November 2002 Florida State elections, Accenture donated \$25,000 to the state Republicans and zero to the Democrats. In February 2003 the Florida Board of Professional Engineers voted against joining Florida's privatized licensing system designed and implemented by Accenture, LicenseEase. The board voted against being included in the system because of high costs. [Sources: "State Auditors Blast Contract: But Agency Director Says Work Should Be Praised, Not Criticized, Nancy Cook Lauer, The Tallahassee Democrat, December 25, 2001, "Much of the Business of State Government has Gone Private", Chuck Murphy, St. Petersburg Times, October 31, 2002, "Licensing Works Fine, Board Says", Nancy Cook Lauer, Tallahassee Democrat, February 27, 2003] To read the Florida State Auditor General's Annual Report (November 1, 2001-October 31, 2002) visit: http://www.state.fl.us/audgen/pages/pdf_files/annual_report0102.pdf

Ontario Welfare - The Canadian Province of Ontario's contract for social services delivery, essentially privatized welfare during the duration of the contract (which was to be for 4 years, but has gone over that limit by more than a year). As of March 2002, Accenture has been paid \$246 million (CND) to do this "overhaul of the Ontario welfare service", even though the original estimate was \$50 - \$70 million and the project was eventually capped at \$180 million. At one point, Accenture billed taxpayers \$26,000 in unreceipted out of pocket expenses and Accenture management was paid up to \$575/hour. In 1999, a year after the Auditor General of Ontario put out a scathing report on the contract, hourly rates paid to Accenture management actually rose (3%), rather than being cut. After this, the government was forced to finally renegotiate a cut to Accenture's billing rates. The Ontario government cut welfare payments to \$355.71 per child in poverty and fired massive numbers of social service workers, making this contract essentially a transfer from those in need to those in Accenture.

In 2001, many more critiques of the system were brought forth from labour, the Provincial opposition Liberals, and again from the Provincial Auditor. In September 2001, union and welfare activists picketed government offices in Hamilton, Brantford, St. Catharines and Simcoe. The employees of the Ontario Disability Support Program said that workers were frustrated by the Accenture created system because, in the words of union representative Paul Statham, "It's not working and needs to be fixed and we want the public to know. It means clients are phoning up and yelling at us for system errors that we have no control over... When all is said and done the government is going to pay out \$180 million and it doesn't work." The Hamilton-Niagara region, in the first four months of its use of the Accenture contract for social assistance delivery, has been plagued by such problems as blank cheques for recipients and missed drug and dental benefits.

In October 2001, the opposition Liberals called the Accenture contract for the welfare system a "boondoggle" at the expense of Provincial taxpayers, citing computer crashes and ministry staff which duplicated the work of Accenture management because of the need to double check the faulty work at Accenture. An Ottawa Citizen Editorial in October 2001 decried the fact that Accenture received millions of dollars before any savings occurred; that the government can't yet clearly say what the final cost, or savings, will be; that it is unclear that any savings will come from this at all; that computer crashes have been rampant. The editorial came to the conclusion that high-priced consultants are just that - high priced, and that "if a service truly needs to be provided by government, then government should do the job. The government defended the scheme, saying that though there were problems in the first two years, those problems have been dealt with and the contract is running smoothly, providing a huge windfall for taxpayers according to Social Services Minister John Baird.

In December 2001, the Provincial Auditor laid waste to the claims that the contract has been running smoothly over the previous two years, saying that the cost ratio of having Accenture do the work rather than public servants was 6 to 1 and that in 2000 the Province realized savings of \$89.5 million [much of this from the continued gutting of access to welfare payments], but the government had paid Accenture \$193 million. This statement of the Auditor General was part of a larger condemnation of the Tory government's overuse of private consultants throughout its Departments.

While the Ontario Government believes that the system is working and that they are addressing the issues raised by the Auditor General's reports with Accenture, the Auditor General's 2002 report again condemned Accenture and the Ontario Government's Business Transformation Project. The December 2002 report stated that the system, implemented across Ontario between May 2001 and January 2002, "was seriously flawed and was characterized by its principal users as being, in many respects, a step back from what had been available to them previously." (Auditor General's 2002 report). The Auditor reported that the service-manager staff were concerned that the Business Transformation Project had not been tested adequately and that it was essentially a work in progress rather than a finished product when it was released.

In terms of payments to Accenture, the Ministry has paid, as of March 2002, \$246 million to the Accenture, significantly higher than the original \$180 million payment cap. The Ministry paid Accenture \$66 million dollars outside of the original \$180 million payment cap, of which \$22 million is related to work the Ministry had agreed to do but in the end was performed Accenture. This, along with the fact that savings attributed to the Project and to Accenture were exaggerated, prompted Auditor to believe that the basis for the above cap payments continue to be questionable. The Ministry's response to the Audit stated that "it is the Ministry's view that savings attributed to the overall business transformation are substantial and substantial future savings will continue to accrue to taxpayers from this transformation." Upon release of the report, Auditor General Erik Peters commented on the Ontario Government's willingness to respond to the report: "What worries me the most is really the slowness of taking action."

The report also noted that the Ministry had essentially abandoned the original principle of sharing risk and rewards with Accenture by guaranteeing Accenture full payment for its out-of-cap work. This comes after a January 2001 contract amendment that provides for the extension of the two-year period for benefit accrual after the end of the contract. It was noted in the audit that most out-of-cap expenditures came after the initial system release in May 2001. Many of the items in this category can be attributed to failures in the new information technology system which required design changes and increased technical support. The Auditor believes that many of the changes should have been corrected under Accenture's warranty provision agreement with the Ministry. The Report stated that, "in our view, the willingness of the Ministry to pay for these items outside the agreed-to payment cap appears questionable and unnecessary."

The Accenture designed and implemented system has also been reported as having made unexplained errors. The Auditor General explained that the errors "do not inspire confidence and raise the possibility that other significant problems may go undetected." In one case the system inexplicably produced 7,110 discretionary benefit payments totaling \$1.2 million to recipients who were ineligible for assistance.

The Auditor noted in an interview with the Toronto Star that due to the failure of meeting the obligations of their first contract with the Ministry, Accenture was granted a further \$38 million contract to make sure that the system they have put into place operates properly.

In May 2003 Accenture was awarded a contract to find savings at Ontario's Workplace Safety and Insurance Board (WSIB). The Toronto Star reported in May 2003 that Accenture was hired by the WSIB on an untendered \$500,000 contract to review the board's operations with an eye to reduction and privatization. The awarding of the contract has prompted the political opposition in Ontario and the Canadian union of Public employees to speculate that the plan will reduce staff, cut services to injured workers and is a warning of the privatization of the WSIB.

Read the December 2002 Auditor General's Report at: <http://www.gov.on.ca/opa/english/r02t.htm>

Read CUPE press release concerning WSIB contract at: <http://www.cupe.ca/www/news/5007>

["Workfare Fiasco" Toronto Star, September 28th, 1999; "Opposition accuses consulting firm of hosing taxpayers" Wendy McCann, Canadian Press Newswire, December 9th, 1999; "Some Consulting Service Fees Higher, Ministry Confirms" Theresa Boyle, Toronto Star, December 10th, 1999; "Welfare Critics Rip Expansion of Computer System" Peter Van Harten, Hamilton Spectator, September 5th, 2001; "Welfare contract called \$194 million boondoggle; Ont Says money being saved" Colin Perkel, Canadian Press Newswire, October 11, 2001; "MPPs slam provincial welfare deal" Caroline Mallan, Toronto Star, October 12th, 2001; "Accent on Savings" Ottawa Citizen Editorial, October 22, 2001; "Consultants Cost Province millions" Richard Brennan and Katherine Harding, Toronto Star, December 1, 2001; "Rehired, at Twice the Rate of Pay", Caroline Mallan, Toronto Star, December 4, 2002; "Auditor's Report a Stroll Down Memory Lane", Globe and Mail, Murray Campbell, December 4, 2002, "Consultant Criticized by Auditor Gets New Deal, Caroline Mallan, Toronto Star, May 8, 2003]

Note: In early March 2000, the Ontario government fitted social services workers with tracking devices in a 16-week trial to track their activities virtually every minute of every day. These "Big Brotherish" boxes, the brainchild of Accenture, would beep several times every hour, and workers would have to punch in a code to indicate what they were doing at that moment. The ministry said these were not an invasion of privacy, but rather a more efficient way of conducting studies that would have been done on paper otherwise. The program has not been restarted, though it is unknown if it has been shelved or may come back. ["Big Brother is watching Ontario's bureaucrats: Workers fitted with tracking devices" Tom Blackwell, Montreal Gazette, March 30, 2000; "Mike Harris, not social workers, should be fitted with an electronic tracking device, opposition says" Canadian Press Newswire, March 30, 2000]

United Kingdom Benefits Program Computer System - a system created by Accenture to give out benefits for pensioners, disability allowance, widows pension. The system was plagued with backlogs of up to two years, intermittent fears that the system would not get up and running, at one time over 25,000 claims for widows benefits were being paid on an emergency basis and over 500,000 pension payments were made without full information, involving both overpayments and underpayments. The UK National Audit office revealed it encountered 1,919 significant problems between July 1998 and January 1999. Of these only 330 were resolved up to January 1999.

The House of Commons Public Accounts Committee seriously questioned Inland Revenue for extending the contract in 1998 despite its very poor performance. It should be noted, however, that breaking off the contract would have cost the government 44 million British Pounds, an amount that forced them to keep working with the poor performing Accenture system. The UK also considered a lawsuit against Accenture, but cited that Accenture's co-operation "is essential to the delivery of future changes to the system." These facts show the huge problem of 'outsourcer lock-in', as it is difficult to replace a private company outright, even if they are doing a horrible job.

[Sources: "MPs call Computer Benefit Program 'a shambles'" The Financial Times, Jan 26, 1999; "The needy pay price of computer fiasco" Daily Mail (London), July 12th, 1999; "Whitehall Waves Andersen Repayment" Financial Times Global News Wire, March 23, 2000]

New Brunswick, Canada - Welfare system - cancelled a \$60 million contract with Accenture when project cost estimates ballooned to \$144 million. Despite the cancellation being based on Accenture's failure to uphold the contract terms, the province had to pay Accenture \$2.9 million in a severance package to cancel this contract. ["Welfare Ripoffs Outlined By NDP" James Wallace and Antonella Artuso, Toronto Sun, November 5, 1998]

Texas - Accenture billed the state \$75 million, \$63 million more than the original estimate to develop a system to track child support in Texas. ["Consulting Company has a track record of boosting billing" Wendy McCann, Canadian Press Newswire, November 4th, 1998]

Nebraska - Accenture billed Nebraska \$24 million over the original estimate to automate social services programs. The state auditor called the project "the most wasteful I have ever heard of. Its like pouring money down a deep dark hole." ["Consulting Company has a track record of boosting billing" Wendy McCann, Canadian Press Newswire, November 4th, 1998]

Virginia - a 150% cost overrun in a 1996 contract to redesign computer systems for a county social service program. ["Consulting Company has a track record of boosting billing" Wendy McCann, Canadian Press Newswire, November 4th, 1998]

Other Problems:

June 2001 - Job cuts. Accenture has cut 600 jobs and put 800 people on reduced pay and sabbatical, which amounts to only 20% of salary and benefits. These cuts came at a time when Accenture made over \$2 billion in profits in 2000, an over 20% increase from 1999. Earlier in Alabama, Accenture entered into a contract with O'Neal Steel to come in and slash jobs. Accenture's pay was based on the number of jobs they cut, with a bonus height of over \$700,000 if they slashed over 325 jobs. ["Accenture to Cut Jobs, Citing Economic Slowdown" Reuters Business Report, June 7, 2001]

Shell Oil - Accenture has been a Shell Oil consultant in Nigeria, where Shell has been known as a particularly serious environmental and human rights violator.]

Invested for years in Indonesia. Investment dollars such as these were part of the billions in investment from multi-national corporations which helped keep Suharto's dictatorship alive. This investment helped to keep the Suharto regime in power, a regime which has brought genocide to the people of East Timor. To get an idea of Accenture's ties to Indonesia, go to <http://www.accenture.com> and click on "Locations - Indonesia".

Other Privatization of Public Services - Accenture advocates for private education systems, including holding conferences on charter schools, and teaches schools how to design schools for greater corporate involvement. In the Philippines, Accenture and Credit Suisse First Boston were appointed by Congress to evaluate the privatization bid for the state owned National Power Corporation (NAPOCOR) ["Advisors say Philippine State Utility Should Renegotiate Its IPP Contracts" Global Power Report, September 15, 2000]

Stakeholder Profile

Top Institutional Holders	Shares	Value (as of 06/09/03)	Reported
Wellington Management Company, Llp	37,026,399	\$653,145,678	31-Mar-03
Ariel Capital Management, Inc.	11,760,878	\$207,461,887	31-Mar-03
Massachusetts Financial Services Co - Other	8,903,097	\$157,050,631	31-Mar-03
Levin (John A.) and Company, Inc.	8,648,078	\$152,552,095	31-Mar-03
Dresdner Rcm Global Investors LLC	8,430,409	\$148,712,414	31-Mar-03
Institutional Capital Corporation	7,676,980	\$135,421,927	31-Mar-03
Janus Capital Management, LLC	6,313,510	\$111,370,316	31-Mar-03
Price (T.Rowe) Associates	6,128,600	\$108,108,504	31-Mar-03
Nordea Investment Management Bank Denmark A/S	5,022,943	\$88,604,714	31-Mar-03
Lazard Asset Management LLC	4,997,011	\$88,147,274	31-Mar-03

[Source: <http://biz.yahoo.com/hd/a/acn.html> June 10, 2003]

Quotations

The Auditor General of Ontario in 1998, on the unexplained massive increase in Accenture's contract price in Ontario's Welfare privatization: "We could find no documentation or any evidence at all as to how it moved from Andersen's [Accenture's] estimate (of between \$50 to \$70 million) to \$180 million, and why it was agreed upon."

Jerri New, President of the Office and Professional Employees Union Local 378 (which represents employees of BC Hydro and Accenture), making comments in February 2003 after the BC Hydro/Accenture deal was announced: "This Privatization is now final, but this is the first chance British Columbians have had to see any of the details. There has been no chance for public review of this huge change, as it's all been done in secret until now."

Said Liberal MLA Gerry Phillips to [then] Community and Social Services minister Janet Ecker: "If you wanted to have almost an SCTV skit on how not to engage a consultant, it would be this, Andersen Consulting made you look like a fool" ["Deal Likened to SCTV Skit" Computing Canada, November 23, 1998]

Ontario Auditor General in a Second Report in 1999: "In light of the significant payments already made to Andersen Consulting [Accenture] at rates which the ministry cannot control, the delays of completion and our concerns about the cost and benefit pools, we continue to question the achievement of value for money" [Opposition Accuses Consulting Firm of Hosing Taxpayers, Canadian Press Newswire, December 9, 1999]

Ontario Auditor General in the 2002 annual report: "In many respects, I consider the Ministry's involvement with Accenture to have been a very expensive lesson in how not to implement a new IT-based service-delivery system. Making the system work properly may well take more time and will certainly take many more taxpayers' dollars. The way in which the Ministry applied the common purpose procurement process to acquire the consulting services in this case meant that the taxpayer took virtually all the financial and performance risks and the consultant reaped a disproportionately large share of the financial rewards". [Office of the Provincial Auditor General, 2002 Annual Report]

From Ottawa Citizen Editorial disparaging the contract between the Ontario Government and Accenture for the restructure of the welfare system: "when it comes to dealing with high priced consultants, you pay dearly. And why not? Private companies wish, quite understandably, to maximize their profits. They are not in the business of saving taxpayers money. The lesson is that if a service truly needs to be provided by government, then government should do the job." ["Accent on Savings" Ottawa Citizen Editorial, October 22, 2001]

Union spokesperson Bob Eaton on Accenture's welfare consulting contracts: "Andersen [Accenture] makes money off their savings...where they get their savings is by eliminating people from the rolls, so for every person they eliminate, it's money in their pockets." ["Mike Harris, Not Social Workers, Should Be Fitted With an Electronic Tracking Device" Canadian Press Newswire, March 30, 2000]

Lynn Brant, who quit as Ohio's Social Service's Performance Management chief in July 2001: "We [the Social Services department] didn't have any resources and couldn't fill staff positions for \$20/hour, and we were basically given a whole gaggle of these [Accenture] people, who were billing at \$175/hour and up. As far as I am concerned, it was a blatant waste of resources." ["State Probes \$26 billion no-bid deal; Welfare Director gave contracts - got one" Ted Wendling, Cleveland Plain Dealer, January 26th, 2001]

New Brunswick Provincial NDP Leader Elizabeth Weir, on how the humanity has been lost in the province's social services, as Accenture's drive for efficiency through technology has done this: "[Before Andersen arrived in New Brunswick] there was always a capacity, at least some room to move, to help people out [for instance, after losing one's home in a fire]. And that's totally eliminated." ["Press One for Poverty, Press Two for Homelessness: How Andersen Consulting is changing social services in Ontario and New Brunswick" This Magazine, December 1998]

Quoted from the State Auditor of Accenture's Nebraska contract for social services provision: "The most wasteful I have ever heard of. It's like pouring money down a deep dark hole." [CUPE Privatization Issue Page: "Analysis of Public-Private Partnership Business Transformation Project of Ontario"
www.cupe.ca/issues/privatization/showitem.asp?id=1423andcl=1]

[Profile prepared by Darren Puscas, updated by Richard Girard (June 2003).
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Radio interview "[A Public Affair](#)" on WORT, 89.9 FM in Wisconsin
Wednesday, November 24, 2004 - Click [here](#)
by [Karl Flecker](#)

