

RESEARCH**ACCENTURE | NOT RATED**

Organic growth raised. AI is still an efficiency play

SUMMARY**ACCENTURE**

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- Guidance has not factored in any adverse impact from current Iran-Israel-US war
- Expectation of FY27 modest growth pick up for Indian players appear ambitious. AI continues to be deflationary

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| IT Services

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Growth is market share driven: Indicated client spending in 2026 to be similar to that in 2025 and that organic growth to be market share driven. Managed services (where it largely competes with Indian players) growth was 5% in 2Q much better than the growth displayed by TCS and Wipro and at par with that of HCLT and Infosys (all of which are smaller entities).

AI still an efficiency play: As indicated in our recent report ([Existential threat, value trap or Temporary blip](#)) AI uptake is at a pace similar to that of Cloud Technology. Covid was a catalyst to drive faster adoption of Cloud. We are not sure what could be a catalyst to drive faster AI adoption.

Read through of 2QFY26 Accenture results for Indian industry players:

- From an organic growth of 4% in FY25, Accenture is projecting 2.5% in FY26. Thus, the narrative of slight pickup in organic growth in FY27 (by 100-200bps) for Indian industry could be brought into question. We believe the market has not given up yet on the near-term growth expectation while it is grappling with terminal value assumptions
- Accenture continues to gain market share considering the number of large deals (>US\$100mn TCV) wins it has had in 1HFY26 (72, 12 greater than in 1HFY25). It had its third consecutive quarter of >US\$20bn order inflow. This obviously has implication for growth for Tier-1 players like TCS, Cognizant, Infosys, HCLT, Wipro, etc.
- Acquisitions (especially good AI oriented ones) are not going to come cheap, and we could potentially see 'Faculty' type deals at high revenue multiples by some Indian players.
- Accenture is of the view that while AI has been top of mind for CXOs it is still being used to drive efficiency rather than innovation/growth. So, the deflation headwind continues to play out at least in the foreseeable future.



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