



Financial Analyst Day

October 15, 2019



Justin Furby

Senior Director, Investor Relations



Agenda

Welcome & Intro

Justin Furby

Senior Director, Investor Relations

CEO Update

Aneel Bhusri

Co-Founder and CEO

Strategy Update

Leighanne Levensaler

Senior VP, Corporate Strategy

Managing Director and Co-Head, Workday Ventures

Power of One

David Clarke

Chief Technology Officer

GM Product Panel

James Cross, Bhaskar Himatsingka, Barbara Larson,
Barbry McGann, and Pete Schlamp

Break

Broadening Our
Go-to-Market

Chano Fernandez

Co-President

Driving Growth at Scale

Robynne Sisco

Co-President & Chief Financial Officer

Executive Panel Q&A

Safe Harbor Statement

This presentation may contain forward-looking statements for which there are risks, uncertainties, and assumptions. If the risks materialize or assumptions prove incorrect, Workday's business results and directions could differ materially from results implied by the forward-looking statements.

Forward-looking statements include any statements regarding strategies or plans for future operations; any statements concerning new features, enhancements or upgrades to our existing applications or plans for future applications; and any statements of belief. Further information on risks that could affect Workday's results is included in our filings with the Securities and Exchange Commission which are available on the Workday investor relations webpage: www.workday.com/company/investor_relations.php

Workday assumes no obligation for and does not intend to update any forward-looking statements. Any unreleased services, features, functionality or enhancements referenced in any Workday document, roadmap, blog, our website, press release or public statement that are not currently available are subject to change at Workday's discretion and may not be delivered as planned or at all.

Customers who purchase Workday, Inc. services should make their purchase decisions based upon services, features, and functions that are currently available.

Aneel Bhusri

Co-Founder and CEO



Leighanne Levensaler

Senior Vice President, Corporate Strategy

Managing Director and Co-Head, Workday Ventures



Our Approach to Strategy Development

Enabling companies to lead in the changing world.



Innovating with and for our customers.

**How can I obtain a
real-time view
of global head
count?**



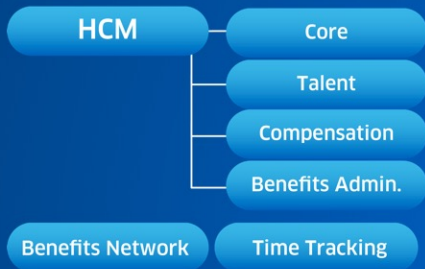
**How can I leverage
learning best practices
to manage and
retain talent?**

**How can I drive
efficiencies and
streamline processes?**

Office of the CHRO

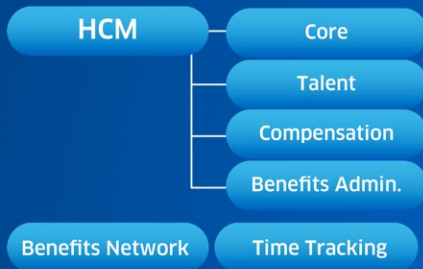


Office of the CHRO





Office of the CHRO



How can I equip my team with data to make better and more informed decisions?

Office of the CFO

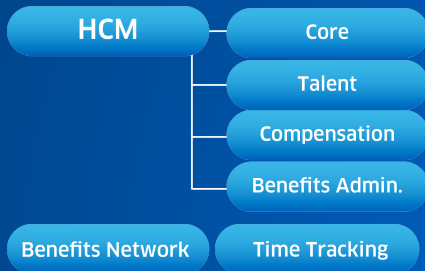


Can my system keep up with change management?

How do I adapt to new accounting standards?

One Cloud System for HR and Finance

Office of the CHRO



Country Payrolls

- U.S./Canada
- Third Party

Office of the CFO



Our Focus on Delivering Value Drives Strong HCM Share Gains...

FY15

FY20

16%

F500
Share

6%

G2K Share

2%

Total
Customer
Share

17%

G2K Share

>40%

F500
Share

8%

Total
Customer
Share

...and Continued FINS Momentum Upmarket...

~10

FINS customers
with >\$5B in
annual revenue



...and Continued FINS Momentum Upmarket...

~40

FINS customers
with >\$5B in
annual revenue

Q2 FY20



...Enabled by a Relentless Focus on Customer Success...

FY15

FY20

~730

HCM Customers

More Than
70%
Live

2,800+

HCM Customers

~90

FINS Customers

725+

FINS Customers



Office
DEPOT®



Linked in.



lululemon  athletica

VISA®

ebay™

intuit.

ING 

SIEMENS

 LAND O'LAKES, INC.

NETFLIX

 **Goodwill**
Industries of Middle Tennessee, Inc.
Our mission is changing lives.

flex

...MassMutual

KOHL'S



 Santander

lenovo

 CUSHMAN &
WAKEFIELD

 Kimberly-Clark


T-Mobile

 **Goodwill**
Industries of Middle Tennessee, Inc.
Our mission is changing lives.

FICO™

 Adobe



 GrantThornton
An instinct for growth™

citi®

 gsk
GlaxoSmithKline

 TELUS | International™



SANOFI 

97%+

Customer
Satisfaction
Since IPO

Ongoing Innovation Enhances Customer Value...

Office of the CHRO

HCM

Core

Talent

Compensation

Benefits Admin.

Benefits Network

Time Tracking

Recruiting

Learning



Country Payrolls

- U.S./Canada
- UK
- France
- Third Party

Office of the CFO

Financial Mgmt.

Accounting

Consolidation

Audit

Revenue

Expenses

Procurement

Grants

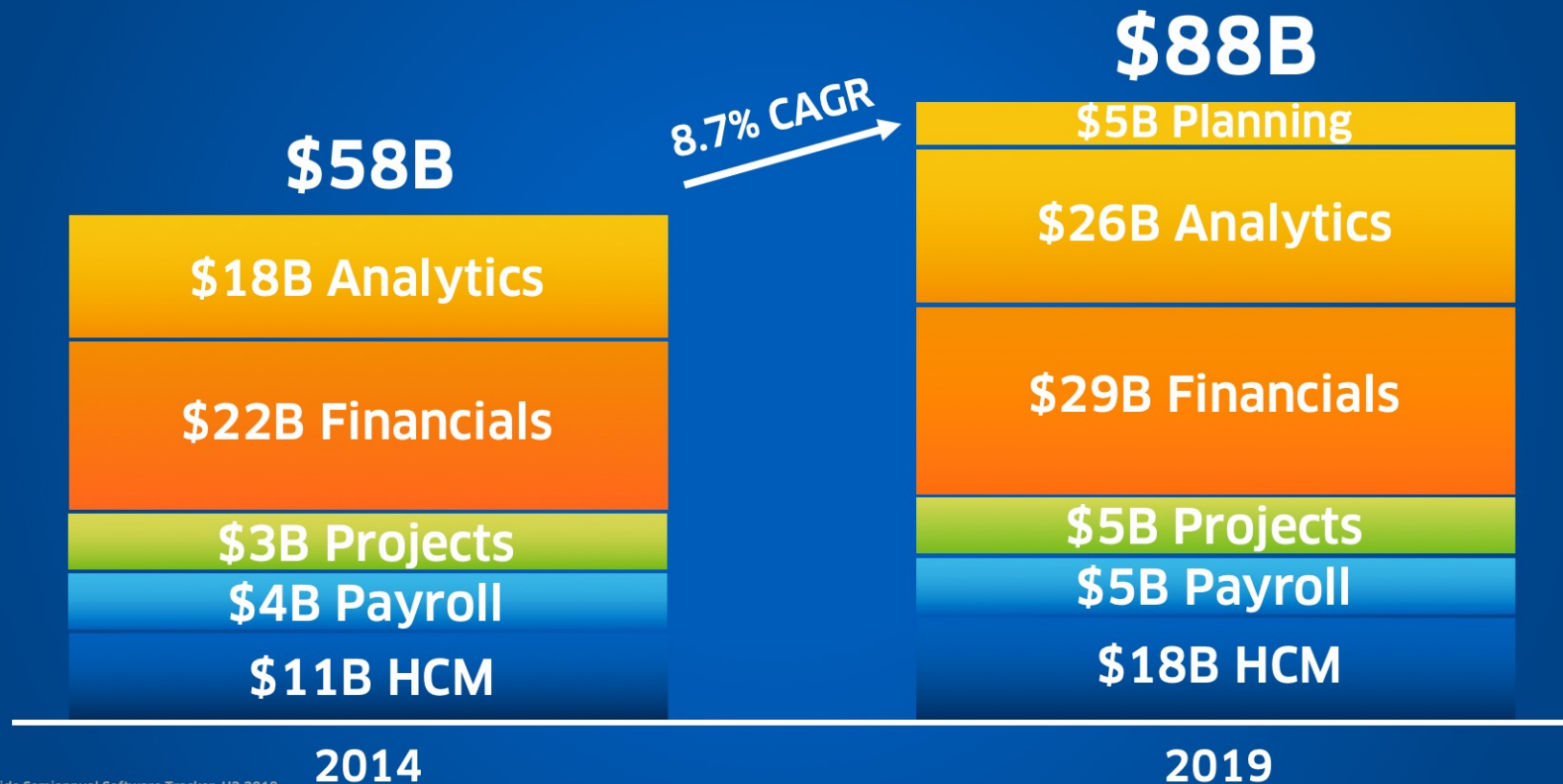
Inventory

Fin. Planning

Projects

Workday Prism Analytics

...And Drives TAM Expansion



2014 Data: IDC Worldwide Semiannual Software Tracker, H2 2018

2019 Data:

- Human Capital Management Applications from IDC WW & US HCM & Payroll Applications Forecast, 2019-2023 (June 2019) #US44179019
- Payroll Applications from IDC WW & US HCM & Payroll Applications Forecast, 2019-2023 (June 2019) #US44179019
- Project & Portfolio Management from IDC WW Project and Portfolio Management Forecast, 2019-2023 (June 2019) #US44637419
- Financial Applications from IDC WW Financial Applications Forecast, 2019-2023 (June 2019) #US45122519
- Workforce Analytic Apps + BI & Analytics Tools from IDC WW Big Data and Analytics Software Forecast, 2018-2023 (Sept. 2019) #US44803719
- Enterprise Performance Management from IDC WW Big Data and Analytics Software Forecast, 2018-2023 (Sept. 2019) #US44803719

Relentless Innovation: What's New for FY21

Office of the CHRO

HCM

Core

Talent

Compensation

Benefits Admin.

Benefits Network

Time Tracking

Recruiting

Learning

Workforce Planning

People Analytics

Answers "HR Help"

Transitions

Talent Marketplace



Country Payrolls

- U.S./Canada
- UK
- France
- Third Party



Machine Learning

Office of the CFO

Financial Mgmt.

Accounting

Consolidation

Audit

Revenue

Expenses

Procurement

Grants

Inventory

Projects

Fin. Planning

Sales Planning

Ops Planning

Accounting Center

Workday Prism Analytics

Workday Cloud Platform

Workday Student

Relentless Innovation: On the Horizon

Office of the CHRO

HCM

Core

Talent

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Country Payrolls

- U.S./Canada
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Machine Learning

Office of the CFO

Financial Mgmt.

Accounting

Consolidation

Audit

Revenue

Expenses

Procurement

Grants

Inventory

Projects

Fin. Planning

Ops Planning

Sales Planning

Accounting Center

Workday Prism Analytics

Workday Cloud Platform

Workday Student

KEY TAKEAWAYS

Strategy

**Leveraging Our
Foundation to Drive
HCM and FINS Market
Share Gains**

**Product Innovation Drives
Digital Transformation and
Opens New Revenue Streams**

**Solid Foundation Enables Us
to Rapidly Expand into
Adjacencies Where People
and Finance Matter**

David Clarke

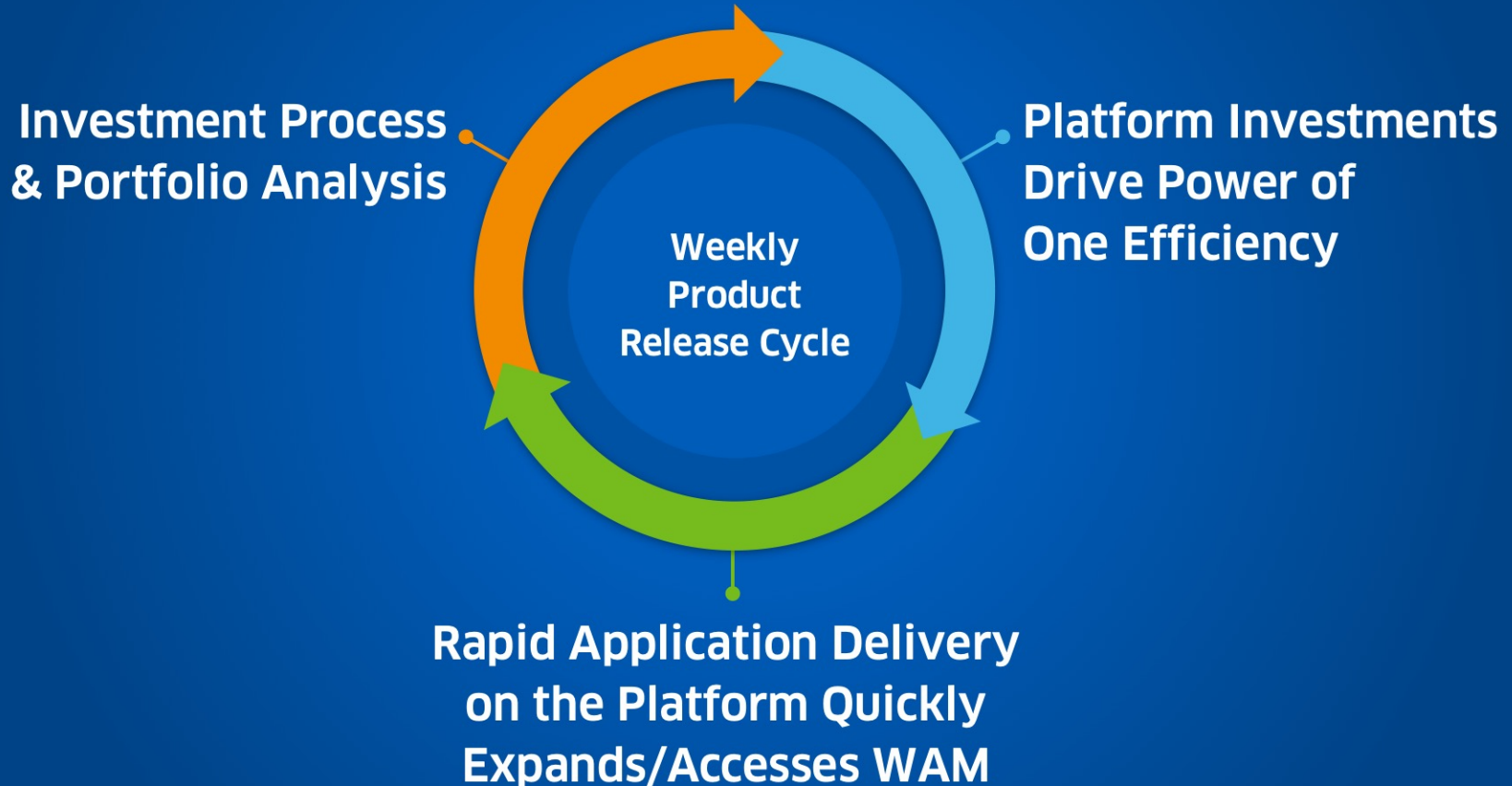
Chief Technology Officer



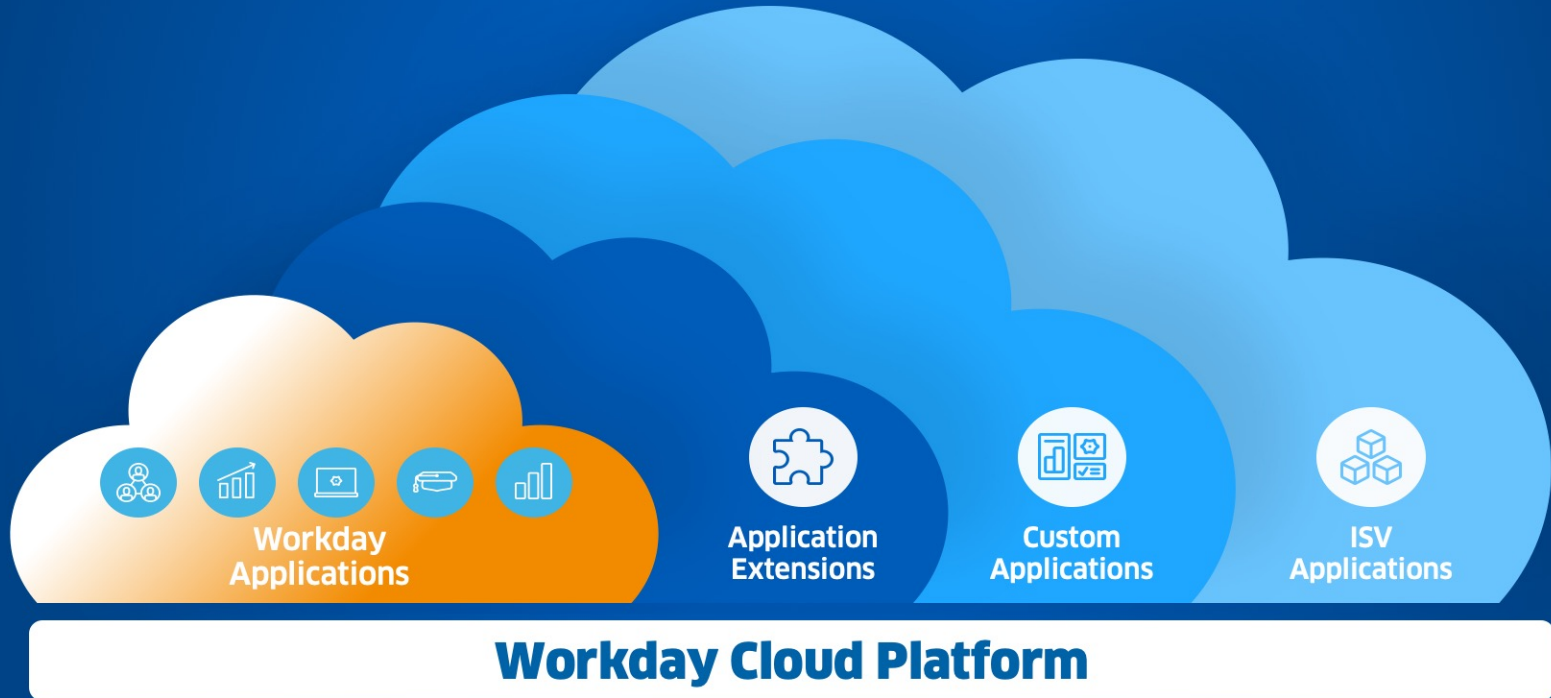
Power of One Is Core to Our Technology



Power of One Accelerates Our Innovation



Externalizing the Power of One via Workday Cloud Platform



Architecture

Platform Applications



Customer Applications



Marketplace Applications

Developer Tooling



Business Analyst

App Creator
Core Configuration



Professional Developer

Workday Cloud Platform IDE
Workday Cloud Platform CLI

Platform APIs

REST

SOAP

GraphQL

Workday Applications



HCM



Financials



Planning



Student



PSA

Platform Services & Components



User Interface

Presentation Services
Worksheets



Data & Persistence

Application Business Objects
Custom Objects



Workflow & Logic

BP & Integration
Function Service



Reporting & Analytics

Reports-as-a-Service
Workday Query Language



Identity & Security

Authentication
Single Sign-On

Application Lifecycle Management



Developer Tenants

Feature Development



Sandbox Tenants

Staging, UAT

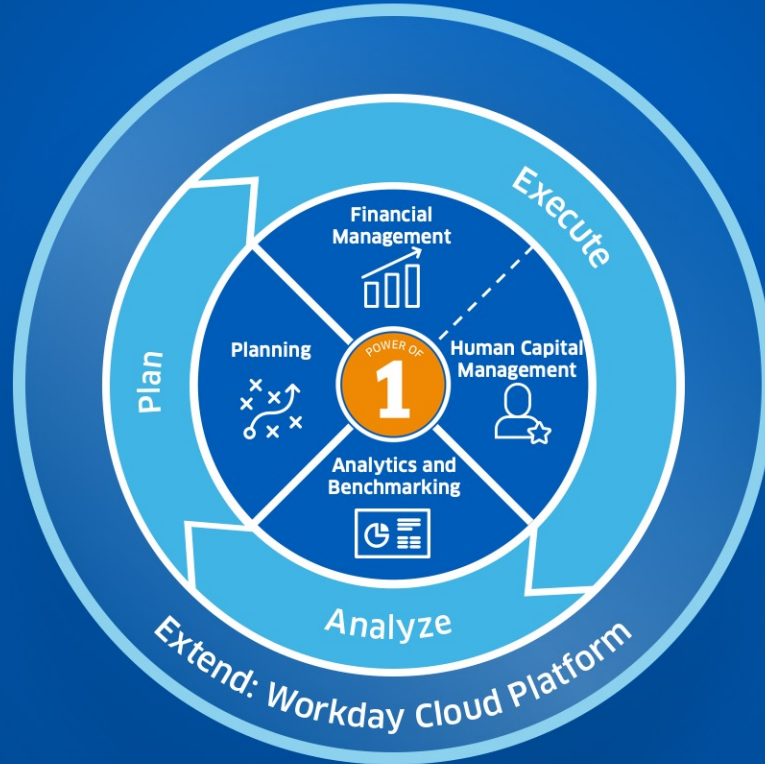


Production Tenants

Deployment

AppHub

Current, Future, and Third-Party Apps Benefit from the Power of One...



GM Product Panel



Moderator

David Clarke

Chief Technology Officer

Panelists

James Cross

VP, Product Strategy

Bhaskar Himatsingka

GM, Product, Planning Business Unit

Barbara Larson

GM, Financial Management

Barbry McGann

GM, Workforce Management

Pete Schlampp

GM, Analytics & Reporting



Financial Analyst Day

October 15, 2019



Chano Fernandez

Co-President



Broadening Our Go-to-Market



Positioning for Global Growth



Driving FINS Momentum
Through Vertical Investment



Consistent Strength in the
Medium Enterprise



Expanding Our Footprint
Within the Customer Base

Broadening Our Go-to-Market



Positioning for Global Growth



Driving FINS Momentum
Through Vertical Investment



Consistent Strength in the
Medium Enterprise



Expanding Our Footprint
Within the Customer Base

Strong Success in North America...



76%
Of Revenue

2,200+
Customers

38%
Workday
G2K HCM
Penetration

Revenue mix is U.S. only for the three months ended 07.31.19
Customer count is U.S. only as of 07.31.19. Global 2000 Penetration
is as of 07.31.19 and includes Canada and Mexico and is based on Workday internal estimates

...with Continued Growth Opportunities

SUCCESSES

Fortune 500
>40% HCM penetration

Fortune 100
~50% HCM penetration

Medium Enterprise

OPPORTUNITIES

Continued HR
Share Gains
Large Enterprise
Medium Enterprise

FINS: Vertical Strategy

New & Existing
Products Back-to-Base

Significant Long-Term Runway in Rest of World...

A world map with a dark blue background. The United States, Canada, and Mexico are highlighted in a lighter blue. The rest of the world, including Europe, Africa, Asia, and Australia, is highlighted in a darker blue. Three text blocks are overlaid on the map: '24% Of Revenue' over North America, '600+ Customers' over Europe, and '11% Workday G2K HCM Penetration' over Asia.

24%
Of Revenue

600+
Customers

11%
Workday
G2K HCM
Penetration

Revenue mix includes all countries outside of the U.S. for the three months ended 07.31.19

Customer count includes all countries outside of the U.S. as of 07.31.19

Global 2000 Penetration is based on Workday internal estimates and excludes China and India

...Driven by Deeper Penetration in Emerging Markets

SUCCESESSES

**Western Europe Large
Enterprise HCM
Penetration**

**Medium Enterprise
EMEA**

Australia/New Zealand

OPPORTUNITIES

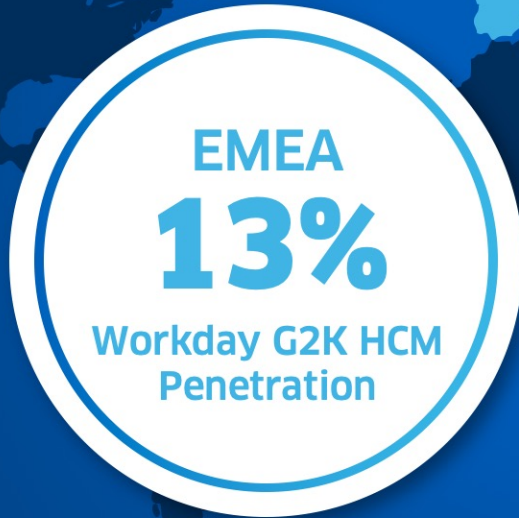
**Emerging Markets
(e.g. Germany, Japan, France)**

Medium Enterprise

FINS+ Products

Vertical Strategy

Still Early Days of Global TAM Penetration



Still Early Days of Global TAM Penetration



Broadening Our Go-to-Market



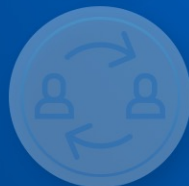
Positioning for Global Growth



**Driving FINS Momentum
Through Vertical Investment**



Consistent Strength in the
Medium Enterprise



Expanding Our Footprint
Within the Customer Base

FINS by the Numbers

Q2 19 TTM

~170 FINS
Customers Added

~130 Platform Deals

~25 Add-On Deals

~15 FINS First Deals

725+
Total FINS
Customers

Q2 20 TTM

~220 FINS
Customers Added

~160 Platform Deals

~35 Add-On Deals

~25 FINS First Deals

FINS Requires a Vertical Approach

Customer

Dedicated Product

Meets Customer Needs • Commitment to Partnership

Dedicated Presales

Supports Deal Flow • Enhances Functional Credibility

Dedicated Marketing

Builds Pipeline • Drives Market Presence

Dedicated Sales

Supports Partner Alignment
Focused Business Context and FINS Enablement

Dedicated Services

Accelerates Deployment • Drives Customer Value

Initial Vertical Investment Is Paying Off

Healthcare



Banner Health®



E & G

Gainesville.
Citizen centered
People empowered



DENVER
THE MILE HIGH CITY



CITY OF
ORLANDO

Initial Vertical Investment Is Paying Off

Healthcare



Initial Vertical Investment Is Paying Off

Healthcare



~70%

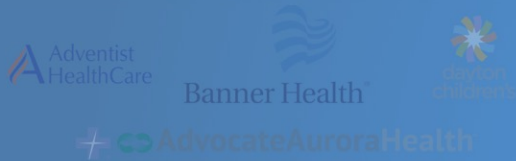
of Healthcare
Pipeline

=

Platform Deals
(FINS + HCM)
or FINS Only

Expanding Investments in Key Verticals

Healthcare



Financial Services



E & G



Professional Services



with Future Vertical Opportunities

Healthcare



Financial Services



Technology & Media



E & G



Professional Services



Retail & Hospitality



Broadening Our Go-to-Market



Positioning for Global Growth



Driving FINS Momentum
Through Vertical Investment



Consistent Strength in the
Medium Enterprise



Expanding Our Footprint
Within the Customer Base

Consistent Strength in the Medium Enterprise

North America: Hitting Stride

Launch Drives ~35%
Reduction in Average
Deployment Costs

ASP Growth Up
~30% in FY19

Consistent Strength in the Medium Enterprise

North America: Hitting Stride

Launch Drives ~35%
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ASP Growth Up
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Rest of World: Ramping

Presence in UK, Germany,
France, Switzerland,
Netherlands, Nordics

~40% Sales Rep Growth

Broadening Our Go-to-Market



Positioning for Global Growth



Driving FINS Momentum
Through Vertical Investment



Consistent Strength in the
Medium Enterprise



Expanding Our Footprint
Within the Customer Base

Strong Retention Rates Lay the Foundation

95%+

**Gross
Retention Rate⁽¹⁾**

45%
of Customers
Make Add-On
Purchases
Within One
Year of Go-Live

100%+

**Net
Retention Rate⁽²⁾**

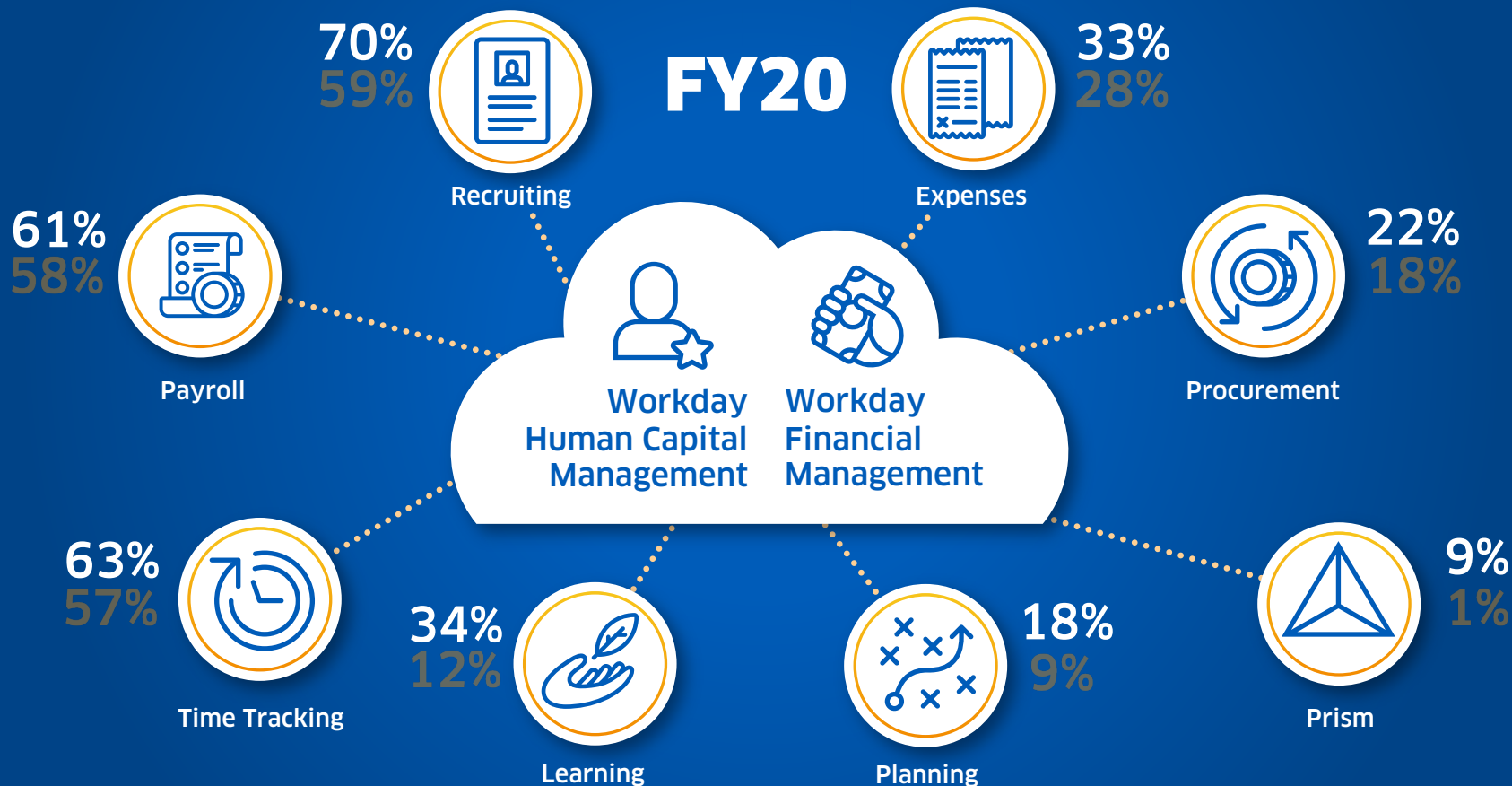
(1) Dollar-Based Gross Retention Rate - (Amount of Annual Recurring Revenues renewed in a given period not including upsell)/(Amount of total Annual Recurring Revenues that was up for the renewal in a given period)

(2) Dollar-Based Net Retention Rate - (Amount of Annual Recurring Revenues renewed in a given period including upsell)/(Amount of total Annual Recurring Revenues that was up for the renewal in a given period)

Product Attach Rates Continue to Increase



Product Attach Rates Continue to Increase



Customer Base Is an Important Future Growth Driver

~20%
of net new
ACV from
Add-On Sales



Customer Base Is an Important Future Growth Driver

~20%
of net new
ACV from
Add-On Sales

Biggest Near-Term Add-on Opportunities



Financials



Planning



Prism



Learning

Medium-Term Add-on Opportunities



Answers



WCP



People
Analytics



Accounting
Center

KEY TAKEAWAYS

Broadening Our Go-to-Market

Well Positioned for
Significant Long-Term
Global Opportunity

Expanding Our Vertical
Investments to Drive
Increased FINS
Penetration and Growth

Innovation and Customer
Success Drive Substantial
Add-On Opportunities

Robynne Sisco

Co-President and Chief Financial Officer



Driving Growth at Scale



**Multiple Growth
Vectors**



**Subscription
Revenue Backlog**



**Marching Toward
Target Margins**

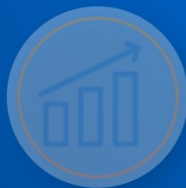
Driving Growth at Scale



**Multiple Growth
Vectors**

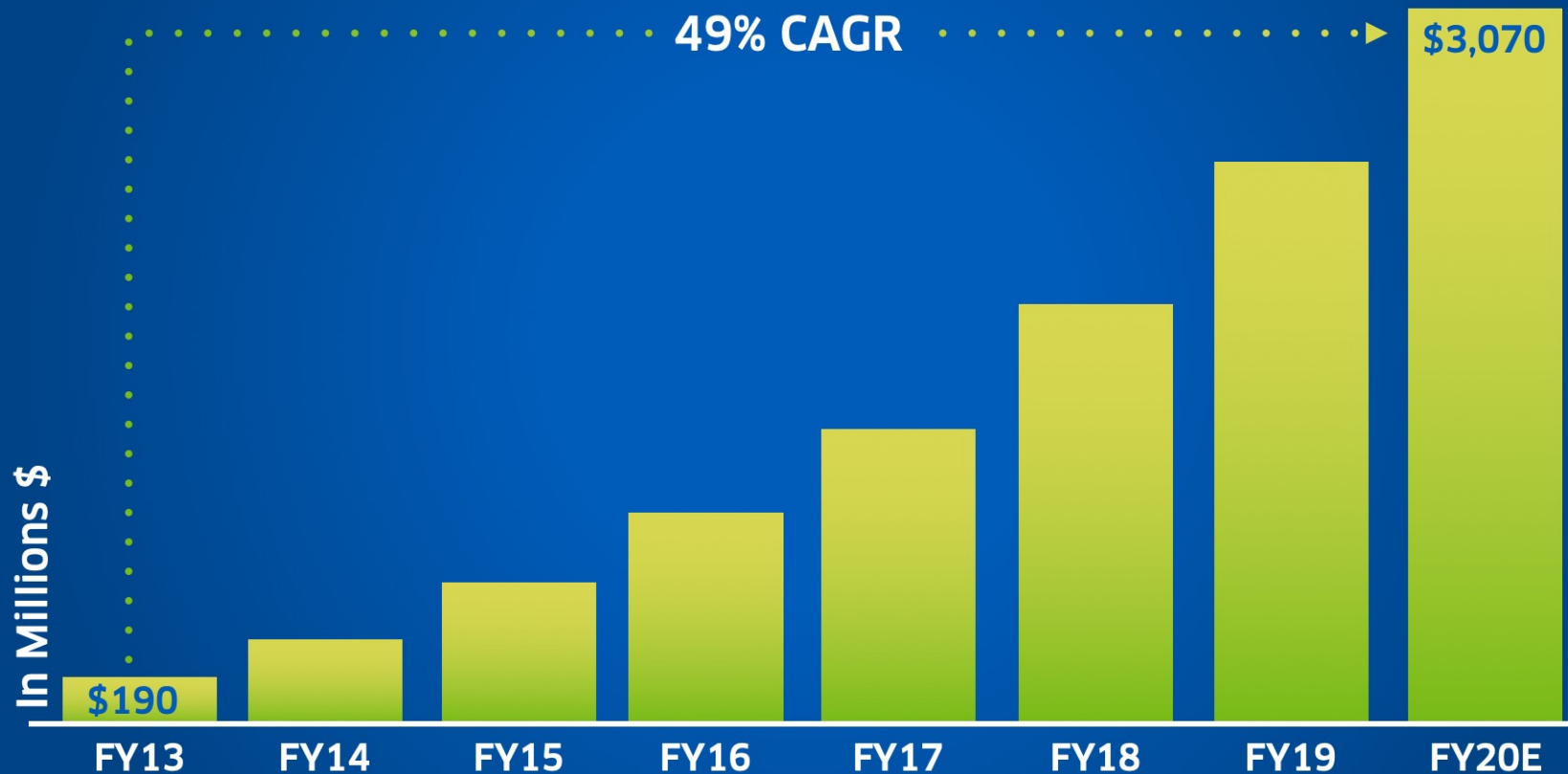


**Subscription
Revenue Backlog**



**Marching Toward
Target Margins**

Strong Subscription Revenue Growth



Annual figures prior to FY2016 do not reflect adoption of ASC 606
FY20E reflects the high end of subscription revenue guidance provided on 08.29.19

Growth Composition Is Changing Across Segments...

FY15

Net New ACV
Bookings Mix

FY20

17%

U.S. ME

57%

U.S. LE

18%

Rest of World

8%

U.S.
Verticals

35%

U.S. LE

20%

U.S. ME

18%

U.S.
Verticals

27%

Rest of World

...and Our Broadening Product Portfolio Spotlights Opportunity...

FY15

FY20E

Subscription Revenue Mix

<5%
FINS+

>95%
HCM

~81%
HCM

~19%
FINS+

FINS+ include core Financials, Planning, Inventory, Expenses, Procurement, PSA, Supply Chain, Workday Prism Analytics, Workday Cloud Platform, Workday Student, and other
FY15 represents mix of subscription revenue for the 12 months ended 01.31.15
FY20 represents estimated subscription revenue for the 12 months ending 01.31.20

... Resulting in Multiple Growth Vectors

HCM

Continued North
American share gains

Rest of World HCM
cloud adoption

Medium enterprise

Strong retention/
up-sell rates

FINS+

Verticalization drives
increasing penetration

Continued push upmarket

Planning/analytics provide
other gateways into
the CFO

New Innovations

New revenue stream
opportunities
(e.g., Workday Cloud
Platform, People
Analytics, Accounting
Center, Answers)

Accelerate market position/
TAM via M&A

Multiple Growth Vectors

HCM

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Accelerate market position/
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HCM: Strong Leadership with Remaining U.S. Large Enterprise Opportunity...

40%+ Workday Market Share
of *Fortune* 500

~25% other cloud HR vendors

~35% remaining opportunity



...While Global Adoption Still in Early Stages

~17% Workday Market Share
of Global 2000

~13% other cloud HR vendors

~70% remaining opportunity



Multiple Growth Vectors

HCM

Continued North
American share gains

Rest of World HCM
cloud adoption

Medium Enterprise

Strong retention/
up-sell rates

FINS+

Verticalization drives
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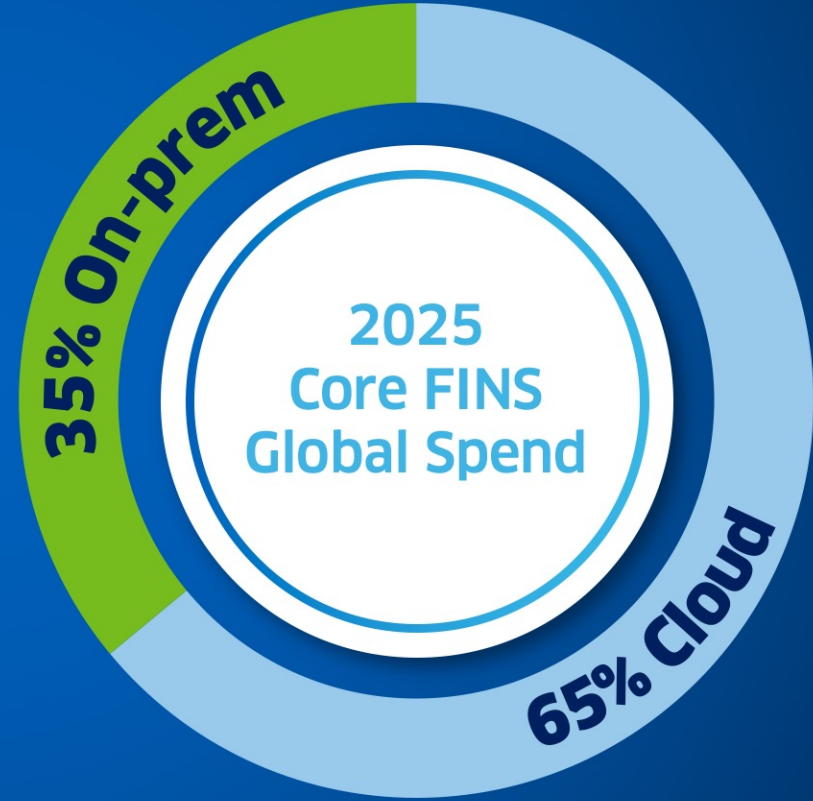
Planning/analytics provide
other gateways into
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New Innovations

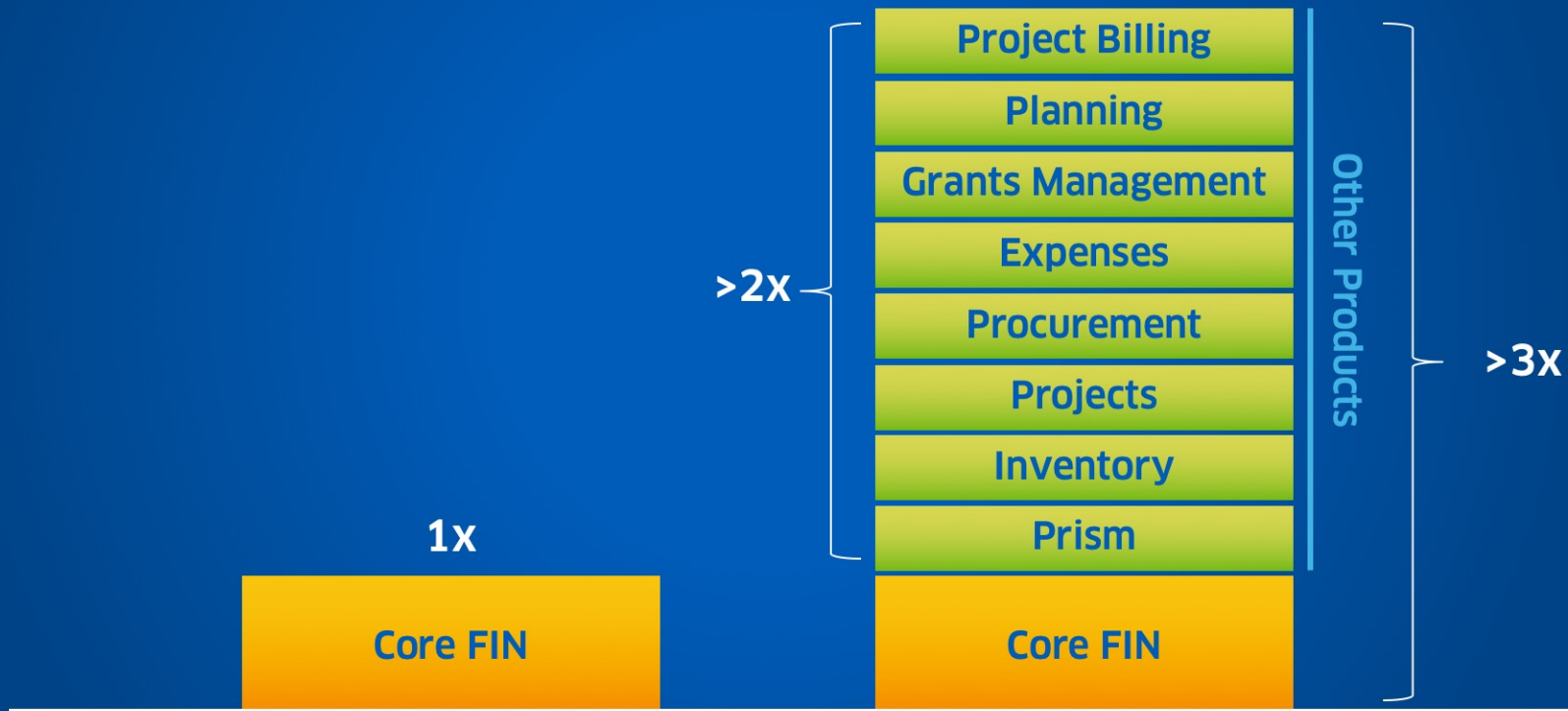
New revenue stream
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Accelerate market position/
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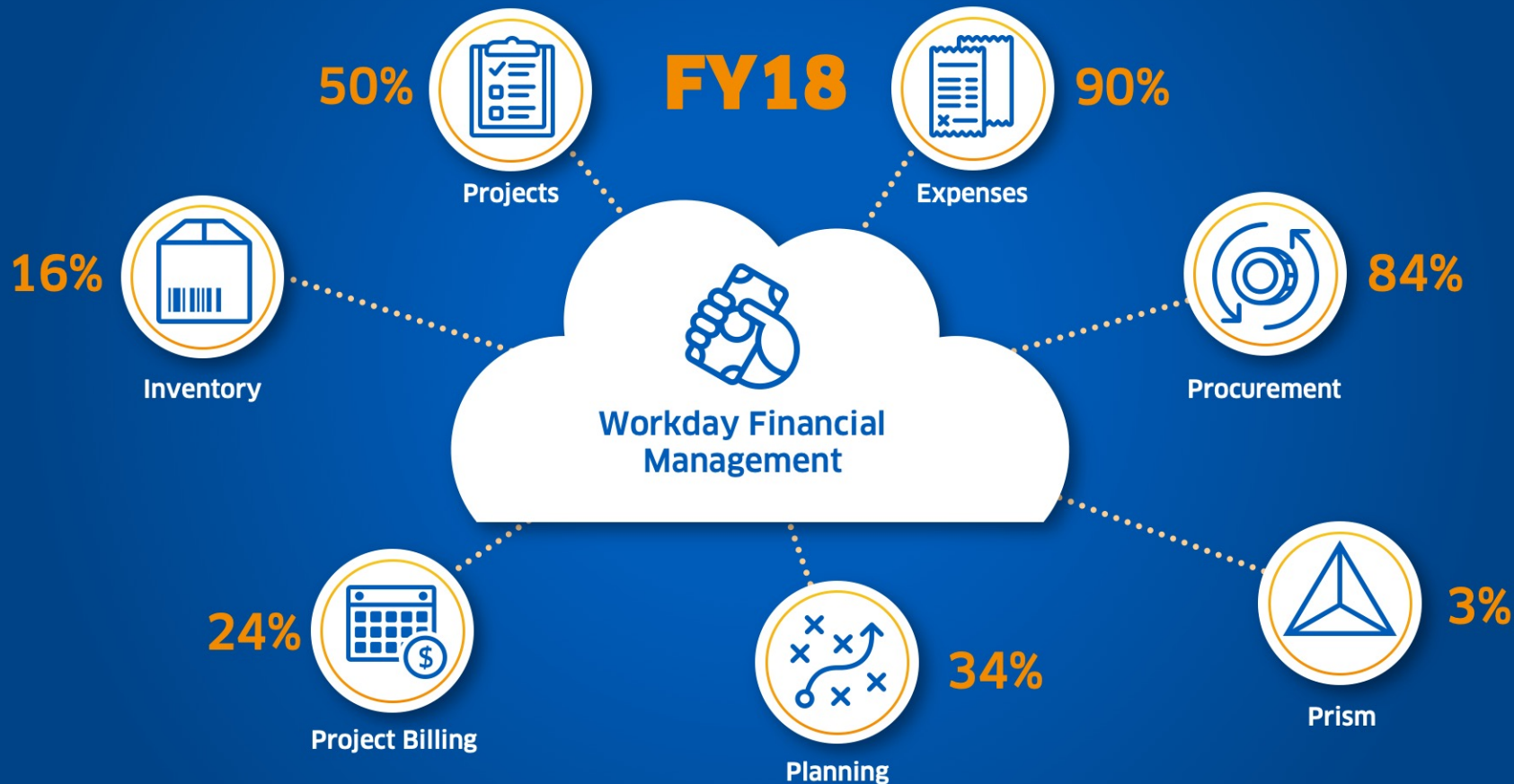
FINS Cloud Migration Provides Long Runway for Growth



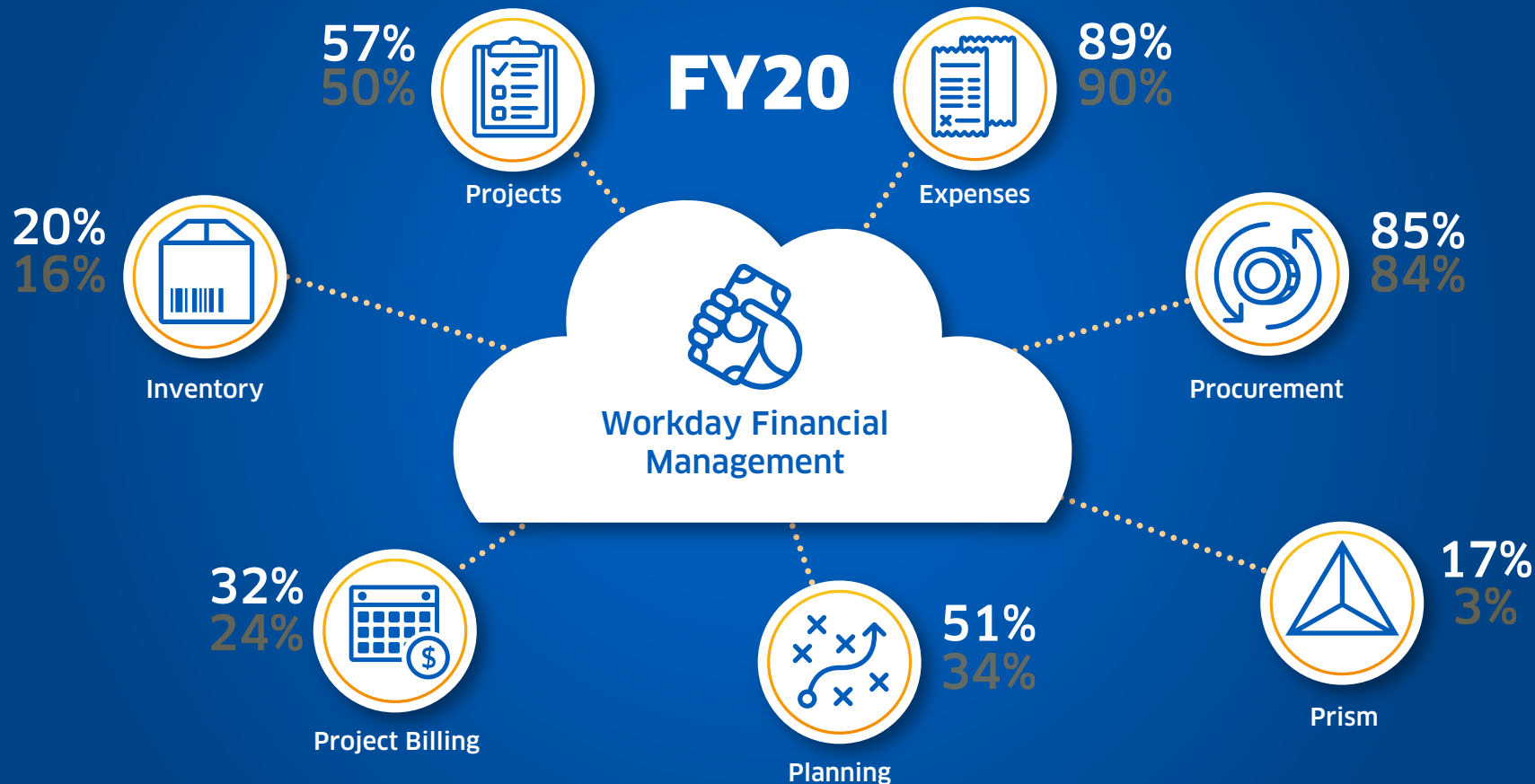
Financials Opportunity Extends Well Beyond Core FINS



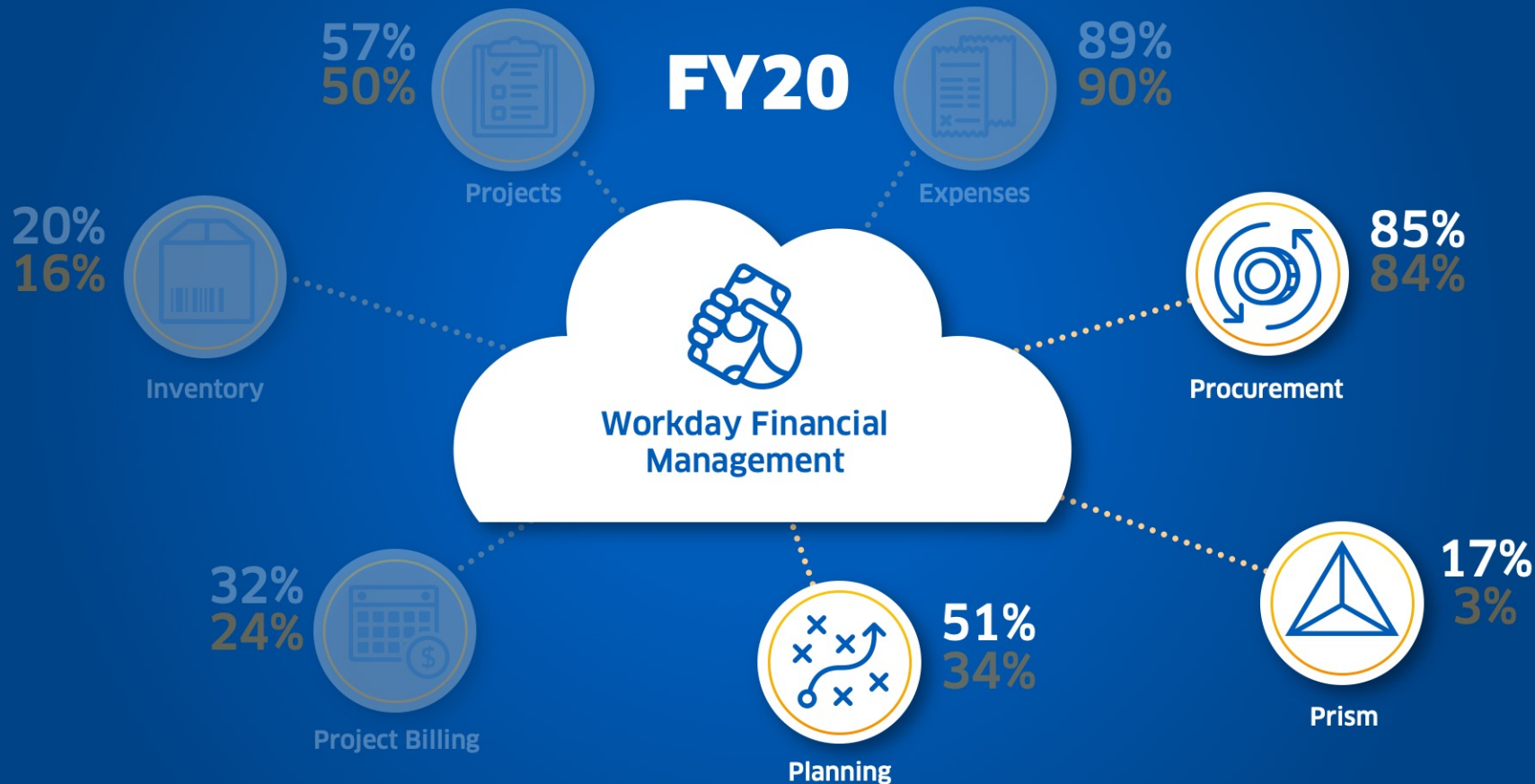
Attach Rates on Core FINS



Attach Rates on Core FINS



Attach Rates on Core FINS



Comparing HCM and FINS Adoption Cycles: The First 725 Customers

HCM

Horizontal adoption

Higher mix of large enterprise adoption relative to FINS

Meaningful mix of first 725 customers were \$1M+ ACV

FINS

Industry adoption varies by vertical

Higher mix of medium enterprise adoption relative to HCM

~50% fewer \$1M+ FINS+ ACV customers relative to HCM

Large enterprise momentum more recent (\$1M+ ACV customers up 70% y/y for FINS+)

Multiple Growth Vectors

HCM

Continued North American share gains

Rest of World HCM cloud adoption

Medium Enterprise

Strong retention/up-sell rates

FINS+

Verticalization drives increasing penetration

Continued push upmarket

Planning/analytics provide other gateways into the CFO

New Innovations

New revenue stream opportunities
(e.g., Workday Cloud Platform, People Analytics, Accounting Center, Answers)

Accelerate market position/TAM via M&A

Seeding Future Growth: Innovation/M&A

INNOVATION

Workday Cloud
Platform

People Analytics

Accounting Center

Answers

Sales/Ops planning

M&A

Expand TAM across areas
strategic to CHRO/CFO

Accelerate market
positioning

Ability to leverage our
enterprise sales footprint

Culture alignment

Growth Contributors

HCM



FINS+



New Innovations



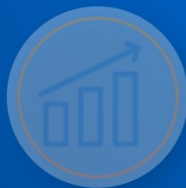
Driving Growth at Scale



Multiple Growth
Vectors

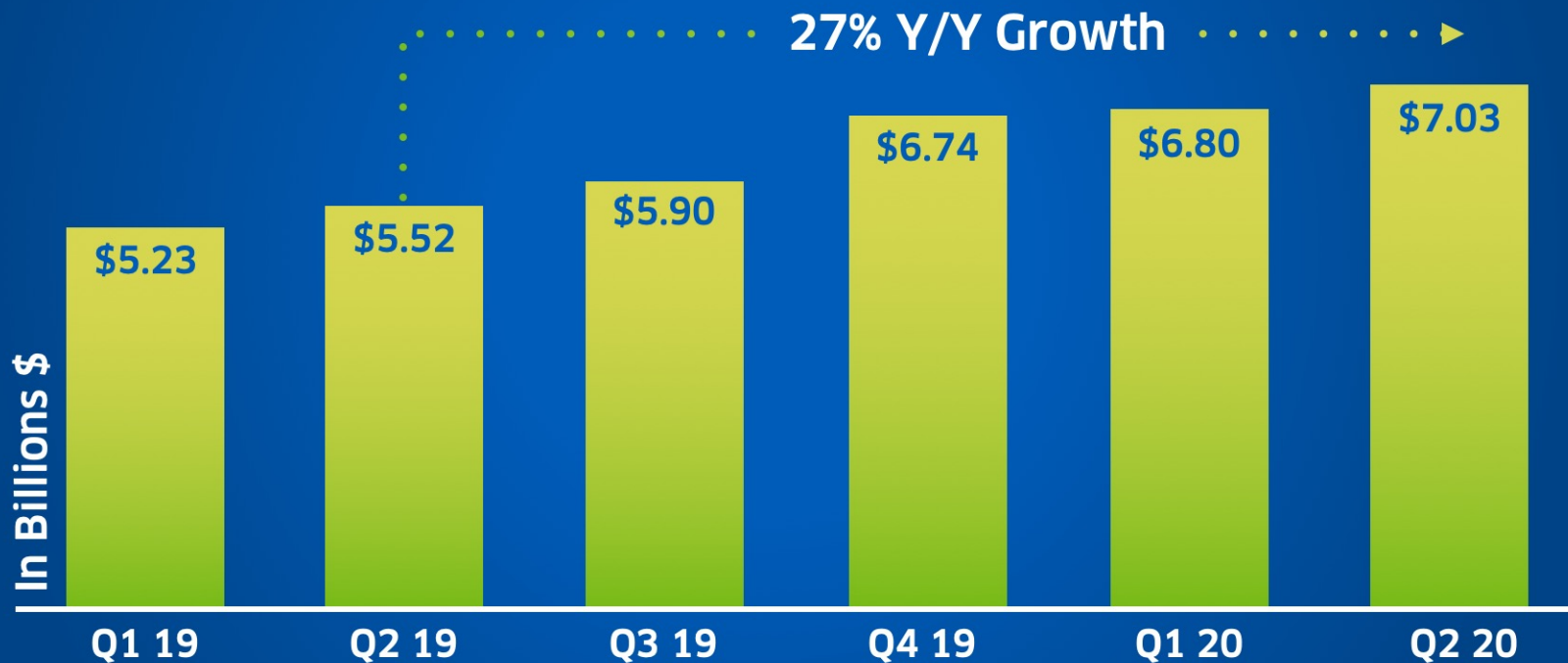


Subscription
Revenue Backlog

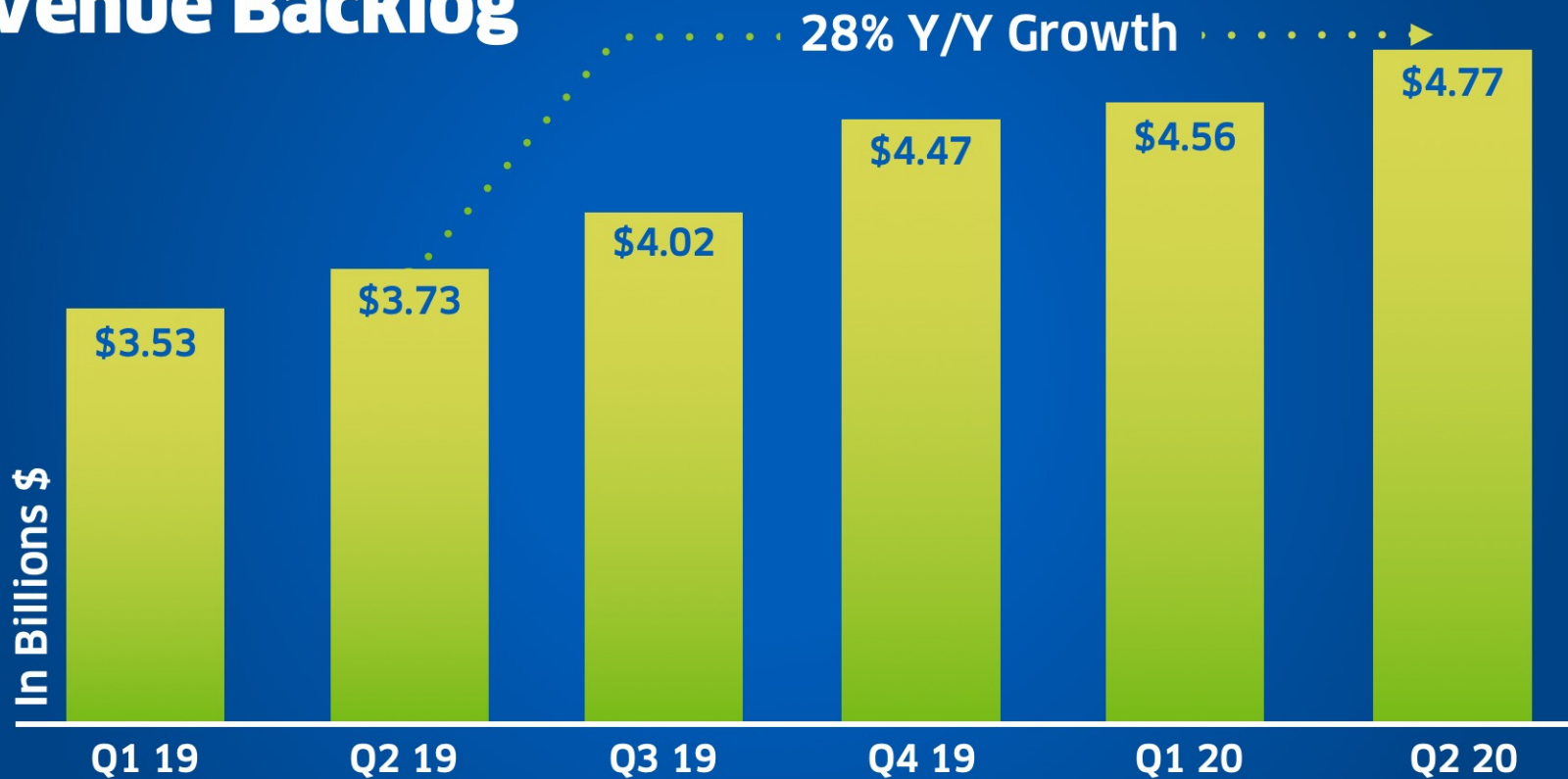


Marching Toward
Target Margins

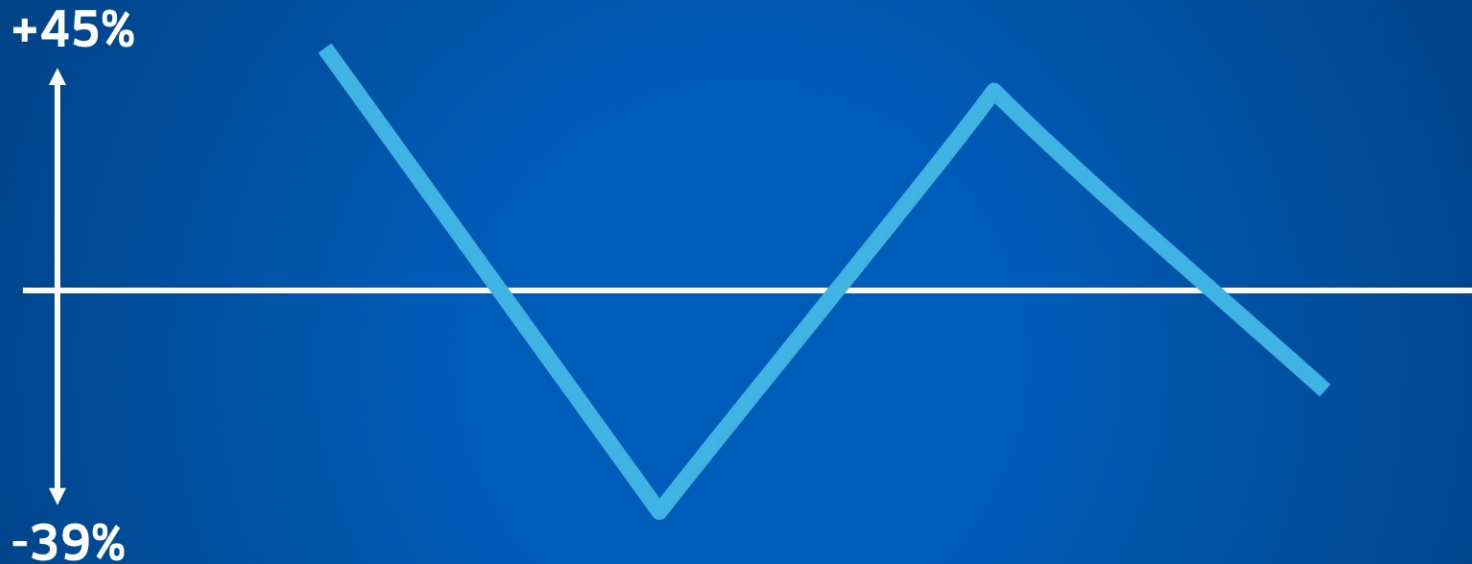
Subscription Revenue Backlog Supports Enduring Growth



0-24 Month View of Subscription Revenue Backlog



Calculated Bookings Pitfalls



Delta between new ACV bookings and calculated subscription bookings can be significant

Caused by timing of renewals, ramped deals, and duration changes

Trailing 12 Month calculated bookings are a more relevant metric

Driving Growth at Scale



Multiple Growth
Vectors



Subscription
Revenue Backlog



Marching Toward
Target Margins



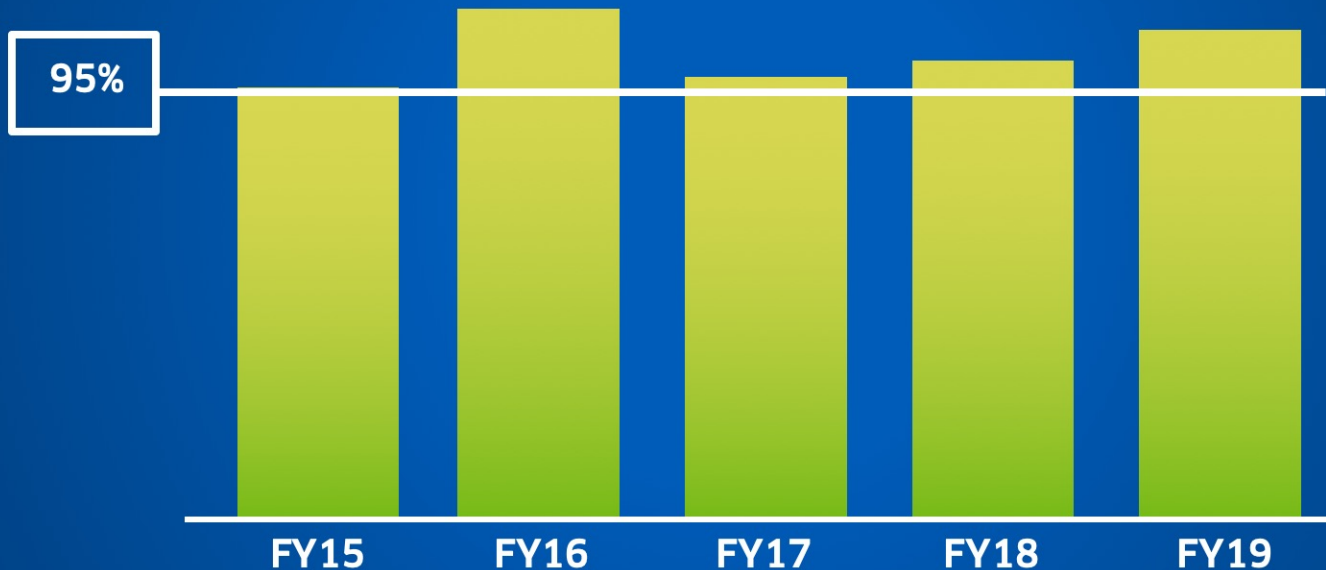
97%+

Customer
Satisfaction

95%+

Gross Retention
Rate

Consistent 95%+ Gross Retention Drives Leverage

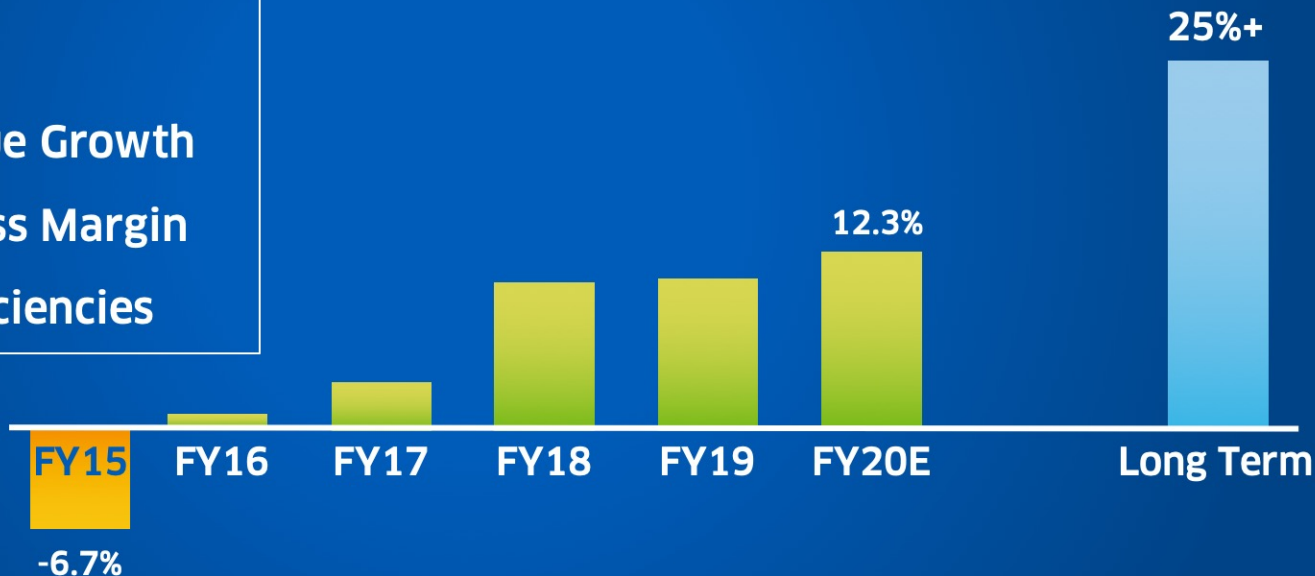


Continued Non-GAAP Op. Margin Improvement

On track to deliver ~200 bps of expansion this year.

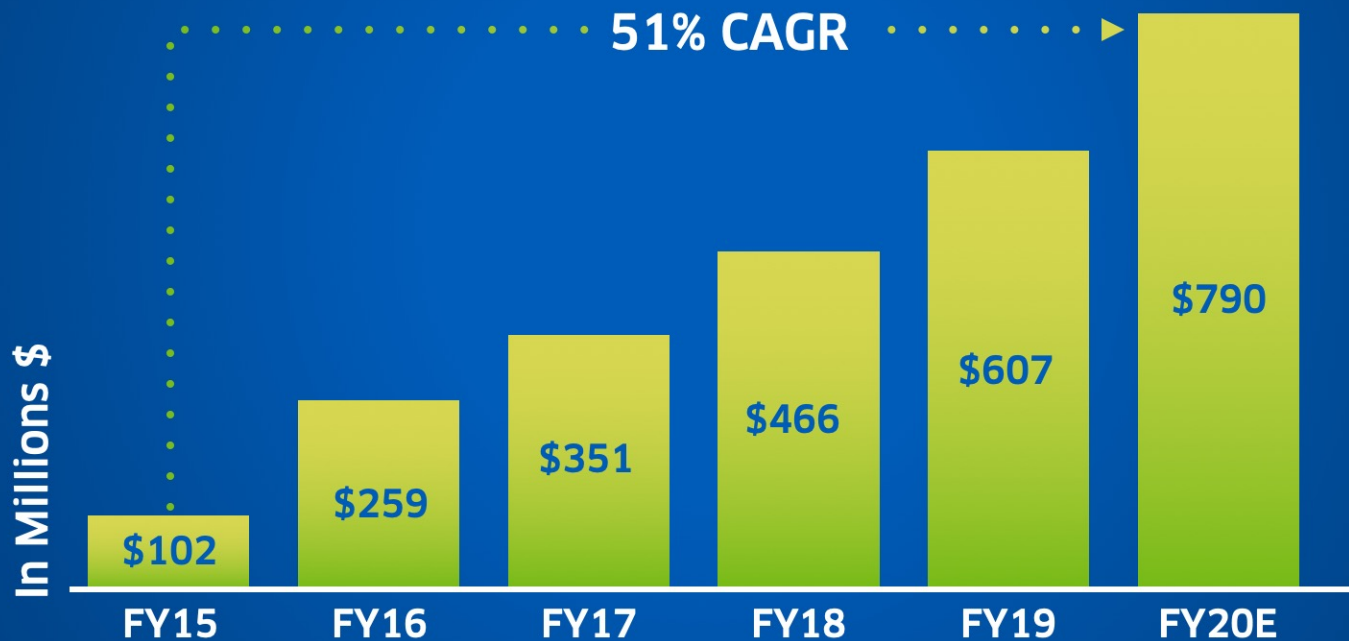
DRIVERS

- Strong Revenue Growth
- Improved Gross Margin
- Operating Efficiencies



Operating Cash Flow

Operating cash flow growth should outpace revenue growth going forward.



**Expanding Into
Adjacencies Where People
and Finance Matter**



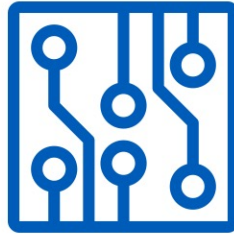
**Product Innovation Opens
Up New Revenue Streams**

Relentless Innovation



Relentless Innovation

**Differentiation Through
the Power of One**



**Surfacing Insights Through
Machine Learning**

Technology & Architecture



Relentless Innovation



Technology & Architecture

**Expanding Vertical
Investment**



**Significant Install
Base Opportunity**

Positioning for Global Growth



Relentless Innovation



Technology & Architecture

**Multiple Growth
Vectors**

**Marching to
Target Margins**



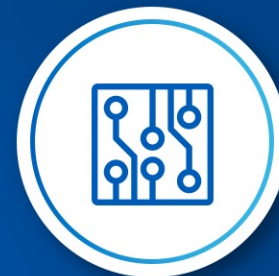
Driving Growth at Scale



Positioning for Global Growth



Relentless Innovation



Technology & Architecture



Positioning for Global Growth



Driving Growth at Scale



Q&A



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Appendix



Operating Margin

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY15	FY16	FY17	FY18	FY19
Revenue	787,860	1,156,690	1,574,440	2,143,050	2,822,180
Operating Loss	(215,702)	(249,789)	(353,086)	(303,223)	(463,284)
Operating Margin %	(27.4%)	(21.6%)	(22.4%)	(14.1%)	(16.4%)
Non-GAAP Adjustments					
Share-Based Compensation	156,048	249,970	378,629	478,425	673,418
Other ⁽¹⁾	6,498	11,960	27,080	40,397	81,123
Operating Income (Loss) (Non-GAAP)	(53,156)	12,141	52,623	215,599	291,257
Operating Margin % (Non-GAAP)	(6.7%)	1.0%	3.3%	10.1%	10.3%

(1) Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets



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