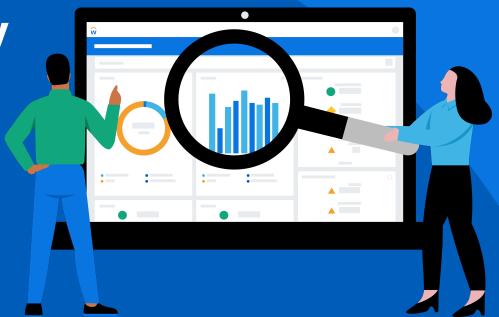


**Financial Analyst Day** 



#### **Agenda**

**Our Ambition**Aneel Bhusri – Co-Founder, Co-CEO, and Chairman

Chano Fernandez – Co-CEO

Innovating for the Future Sayan Chakraborty – EVP, Technology Pete Schlampp – EVP, Product

**Innovation Q&A** 

**Break** 

**Capitalizing on Our Expanding Opportunity Doug Robinson** – EVP, Global Sales

**The Path to \$10B** Robynne Sisco – President and CFO

**Q&A** ..... All

#### **Safe Harbor Statement**

This presentation may contain forward-looking statements for which there are risks, uncertainties, and assumptions. Forward-looking statements may 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; any projections of revenues, gross margins, earnings, or other financial items; and any statements of expectation or belief. Forward-looking statements are based only on currently available information and our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements, and therefore you should not rely on any forward-looking statements that we may make. 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: <a href="https://www.workday.com/company/investor relations.php">www.workday.com/company/investor relations.php</a>

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

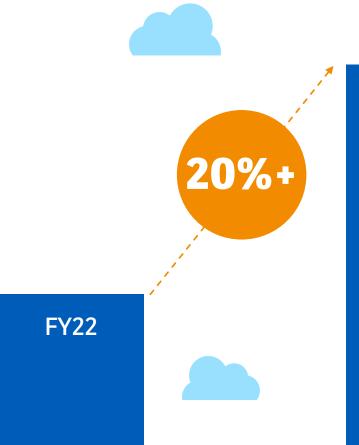
#### **Use of Non-GAAP Financial Measures**

A reconciliation of non-GAAP operating margin to GAAP operating margin is included at the end of this presentation within the Appendix. A reconciliation of our forward outlook for non-GAAP operating margins to our forward-looking GAAP operating margin is not available without unreasonable efforts as the quantification of share-based compensation expense, which is excluded from our non-GAAP operating margins, requires additional inputs such as the number of shares granted and market prices that are not ascertainable. The impact of share-based compensation may have a significant impact on the operating margin in any given period.

#### **Aneel Bhusri**

CO-FOUNDER, CO-CEO, AND CHAIRMAN

Targeting
Sustained 20%+
Subscription
Revenue Growth



\$10B Total Revenue

#### **Market Leader in HCM**



Subscription Revenue<sup>1</sup>

\$3.2B

#### **Broadening Our Footprint in FINS**

1,150+
Core FINS
Customers

5,700+
Planning ×××

Customers

1,250+
Procurement Customers<sup>1</sup>

\$1B 600 Subscription Revenue Business<sup>2</sup>

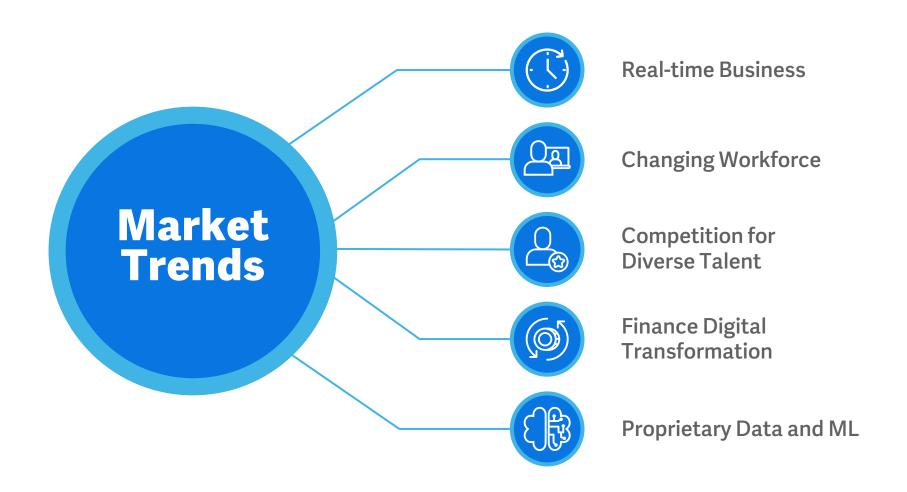
33% [][]
Subscription Revenue Growth<sup>2</sup>

<sup>&</sup>lt;sup>1</sup> Includes Workday Strategic Sourcing

<sup>&</sup>lt;sup>2</sup> For the trailing 12 months ended 7.31.21 All customer counts as of 7.31.21

### 70% + Customers Live





#### Chano Fernandez

CO-CEO







International



### **Key Initiatives**



Industry Verticals



Evolving Go-to-Market



Focus on Platform



Transform Our UX



Leveraging Public Cloud

# \$10B

### Sayan Chakraborty

EVP, TECHNOLOGY









servicenow







### First

### Generation of the Cloud



#### Our First Gen Is Next Level

Reliability/Availability ----- 99.97% Uptime

Scale ----- 55M+ Workers; ~365B Transactions

Performance ----- 95.7% of Transactions in <1 Second

Ambient ------ Responsive, Omni-Channel, Native Mobile User XP

Security ----- 5 Trust Service Criteria; GDPR







#### **First**

#### Generation of the Cloud

Reliability/Availability

Scale

Performance

Ambient

Security

### Next

### Generation of the Cloud

**Public Cloud Innovation** 

**Extend Story** 









~80% YoY Growth

2,000+ Active Developers

3 SI Partners with Dedicated Extend Practices

#### **First**

#### Generation of the Cloud

Reliability/Availability

Scale

Performance

Ambient

Security

#### Next

#### Generation of the Cloud

**Public Cloud Innovation** 

Extend Story

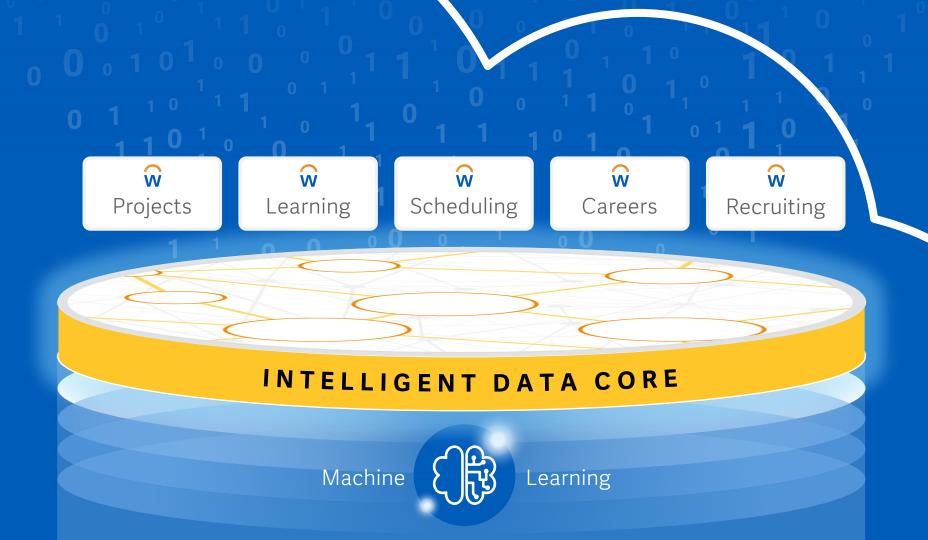
### Looking Ahead

ML for Customers

ML to Scale Operations







#### INTELLIGENT DATA CORE

#### Infrastructure

Workload Balancing Capacity Optimization Defense In-Depth Dynamic Scale

Machine Learning

#### **First**

#### Generation of the Cloud

Reliability/Availability

Scale

Performance

Ambient

Security

#### Next

#### Generation of the Cloud

Public Cloud Innovation

Extend Story

### **Looking Ahead**

ML for Customers

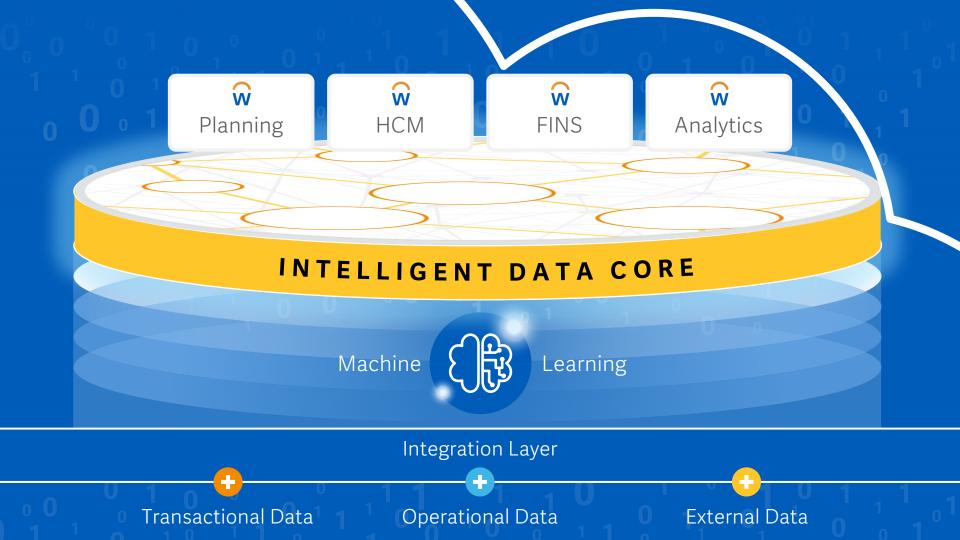
ML to Scale Operations

# The Future of Work

Changing Nature of Employment

Changing Application Boundaries





## Pete Schlampp

EVP, PRODUCT

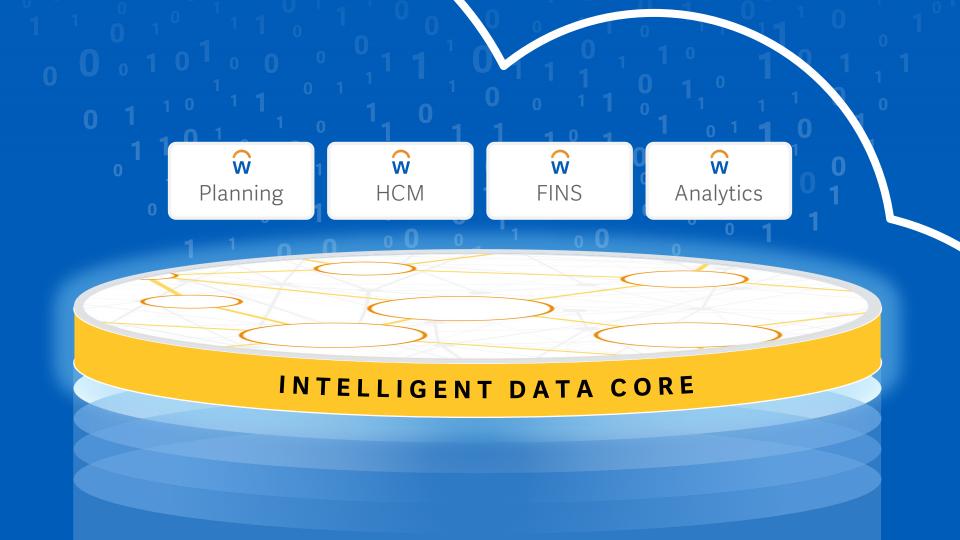
## **Next Generation**

Application Innovation

## The 7 Imperatives

To Accelerate Business

- 1. Continuous recalibration
- 2. Run in the now
- 3. Mitigate uncertainty with the full picture
- 4. Rewire processes in days
- 5. Shape a new future
- 6. Elevate human performance
- 7. Measure real-world impact

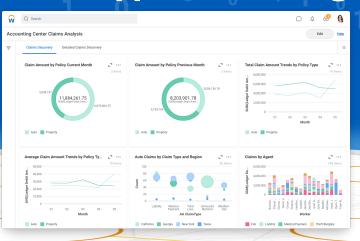






INTELLIGENT DATA CORE

## **Data-Infused Apps: Accounting Center**



INTELLIGENT DATA CORE

Integration Layer



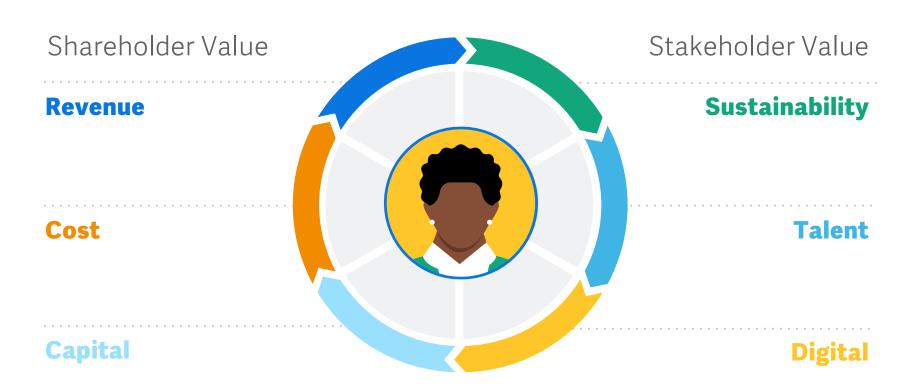




## **Own the Office of the CFO**

We Are the Next Generation of Finance

## **Addressing oCFO Top Business Challenges**



## Workday for the Office of the CFO

FP&A

Controller

**Auditor** 

**Treasurer** 

Payroll

**Procurement** 















Report to Forecast

OPEX / CAPEX
Head Count
Top-Line / Revenue
Operational KPIs
Board / Mgmt. Reporting



Record to Report

General Ledger Global Consolidations Financial Statements Cash Management



Contract to Cash

Contracts
Billing
Revenue Recognition
Receivables
Collections



Expense to Reimburse

Expense Reports

Mobile Expenses

Spend Authorization

Settlements



Staff to Deliver

Project Management Resource Management Project Financials Project Billing Labor Costing



Procure to Pay

Requisitions / POs Receiving Payables Inventory



Productivity to Pay

U.S. Payroll
UK Payroll
France Payroll
Canada Payroll
Global Payroll Cloud
Settlements



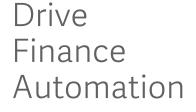
Source to Pay

Sourcing and Auctions Requisitions and POs Receiving Payables Supplier Management Inventory

## oCFO Strategic Focus Areas

Meet Customers Where They Are





Grow Globally















Workday Adaptive Planning



Corporate Finance Layer



**Meet Customers** 

Where They Are



Spend Management

## **Meet Customer Where They Are**



Spend Management

**5,700** + Customers

**1,250+** Customers

**30x** Increase in Scenario Planning<sup>1</sup>

**3x** Savings Goals<sup>2</sup>

~16-20 Weeks Time to Value

~4 Weeks Time to Value<sup>2</sup>

<sup>&</sup>lt;sup>1</sup> March 2020

<sup>&</sup>lt;sup>2</sup> Specific to Workday Strategic Sourcing

## **Workday Enterprise Finance Solution**

Core Finance
Transformation



Corporate Finance Layer



Create New Entities on Demand



## oCFO Strategic Focus Areas

Meet Customers Where They Are



Expand Industry Leadership



Drive Finance Automation



Grow Globally



#### **Industry**

Professional Business Services

Financial Services

Healthcare

Education and Government

Tech and Media

Retail and Hospitality

#### **Innovations**



Accounting Center



Healthcare Supply Chain Management



Scheduling



Professional Services Automation



Student



Inventory Management

#### **Industry**

Professional Business Services

Financial Services

Healthcare

Education and Government

Tech and Media

Retail and Hospitality

#### **Innovations**



Accounting Center



Healthcare Supply Chain Management



Scheduling



Professional Services Automation



Student



Inventory Management

## **Quote-to-Cash for Services and Subscriptions**



#### **Industry**

Professional Business Services

**Financial Services** 

Healthcare

Education and Government

Tech and Media

Retail and Hospitality

#### **Innovations**



Accounting Center



Healthcare Supply Chain Management



Scheduling



Professional Services Automation



Student



Inventory Management

#### **Industry**

Professional Business Services

**Financial Services** 

Healthcare

Education and Government

Tech and Media

Retail and Hospitality

#### **Innovations**



Accounting Center



Healthcare Supply Chain Management



Scheduling



Professional Services Automation



Student



Inventory Management

#### **Industry**

Professional Business Services

Financial Services

Healthcare

Education and Government

Tech and Media

Retail and Hospitality

#### **Innovations**



Accounting Center



Healthcare Supply Chain Management



Scheduling



Professional Services Automation



Student



## **Workday Student Momentum**

**73%** 

Of the Institutions Who Have Adopted a Cloud-based Student Solution Have Selected Workday<sup>1</sup>

**3**x

The Number of Live Customers in Spring 2021

**26** Total Customers Live



## oCFO Strategic Focus Areas

Meet Customers Where They Are



Expand Industry Leadership

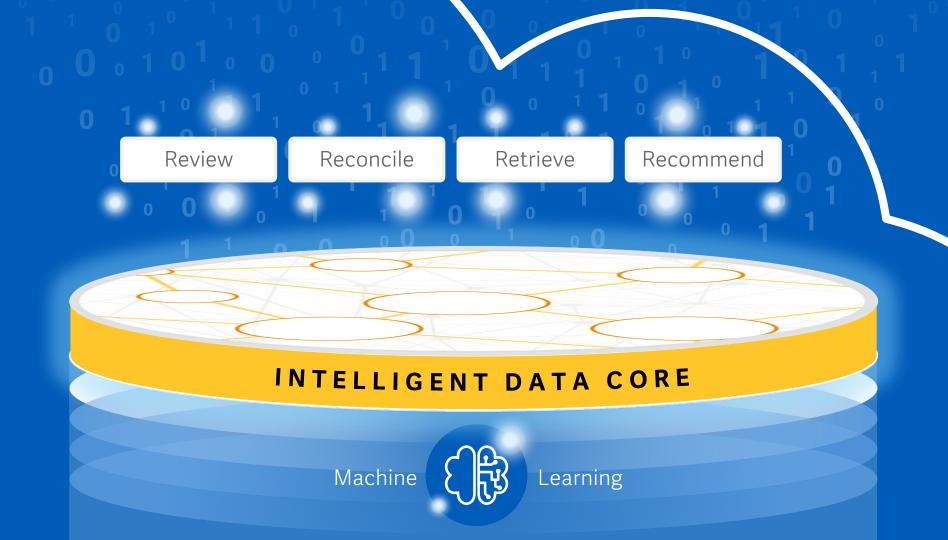


Drive Finance Automation



Grow Globally





## oCFO Strategic Focus Areas

Meet Customers Where They Are



Expand Industry Leadership



Drive Finance Automation



Grow Globally



## **Global FINS Footprint**



## Own the Office of the CHRO

Positioned for the Perfect Storm

## **Addressing oCHRO Top Business Challenges**



## Workday for the Office of the CHRO

**Talent Acquisition** 



Compensation and Benefits

**Operations** 

**Payroll** 













Plan to Hire

Workforce Planning Recruiting Onboarding Learning



Develop to Perform

Performance
Talent
Succession
Learning



Reward to Retain

Compensation Benefits Reward and Recognitio Internal Recruiting



Adapt to Succeed

Succession Planning Cross-Boarding



Resource to Deliver

Workforce Scheduling Absence Management Time Tracking



U.S. Payroll
UK Payroll
France Payroll
Canada Payroll
Global Payroll Cloud
Settlements

## oCHRO Strategic Focus Areas



Driving Employee Experience



Enabling Workforce Agility



Grow Globally



## Skills Platform: Workday at the Center

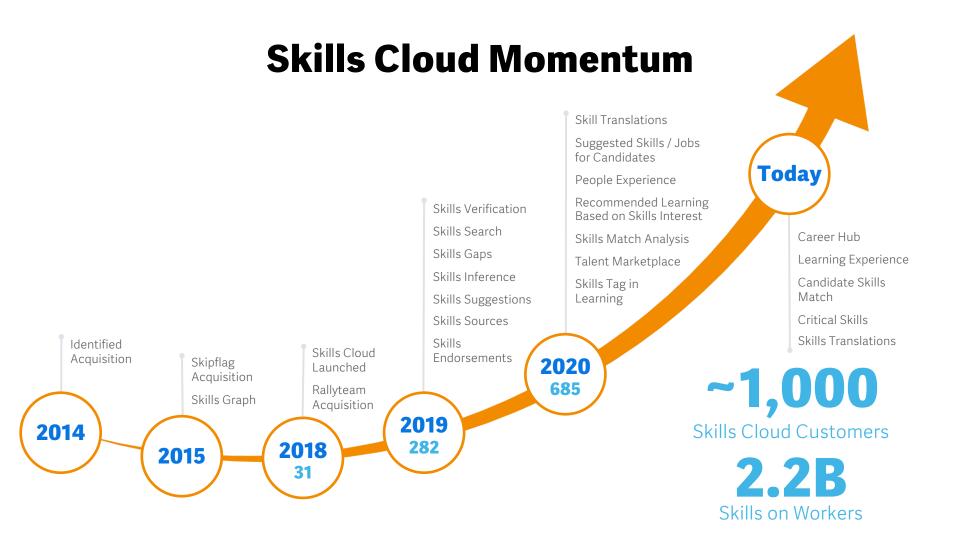


## Skills Platform: Workday at the Center



## Skills Platform: Workday at the Center





## oCHRO Strategic Focus Areas

Leading Skills Movement

Driving Employee Experience



Enabling Workforce Agility



Grow Globally



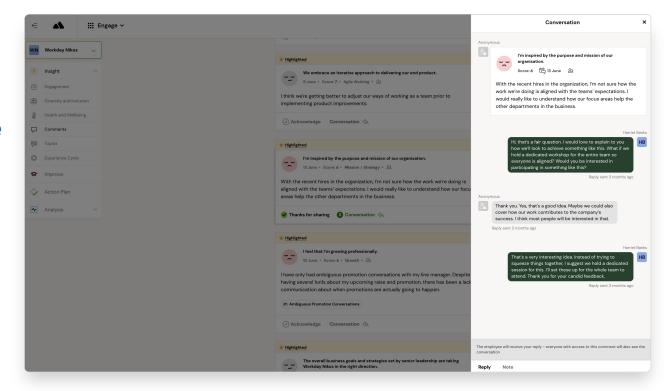
## Peakon and Workday Powering Employee Experience



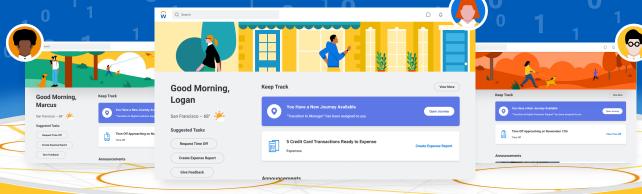
#### **Voice of the Employee**

Delivers the "why"

- Intelligent Listening Technology
- Predictive Employee Experience Insights
- Advanced NLP and Sentiment Analysis







INTELLIGENT DATA CORE

Integration Layer









#### oCHRO Strategic Focus Areas

Leading Skills Movement

Driving Employee Experience



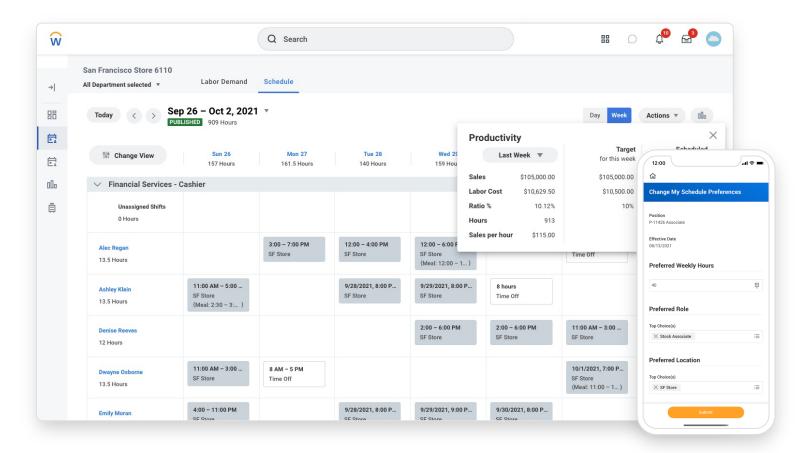
Enabling Workforce Agility



Grow Globally



#### Frontline Worker Experience with Workday Scheduling



#### oCHRO Strategic Focus Areas

Leading Skills Movement

Driving Employee Experience



Enabling Workforce Agility



Grow Globally



### **Global HCM Footprint**



#### **Revolutionizing Enterprise Software**

Workday Accounting Center

Workday Strategic Sourcing

Workday Help

**Talent Optimization** 

Journeys

Workday People Analytics

Credentials

Workforce Planning

Workday Extend

Enterprise Finance

Solutions for CHRO

Solutions for CFO

Solutions for CIO

Workday Talent Marketplace

Career Hub

Plan Anomaly Detection

Success Plans

My Shortcuts

Maintain Non-English Custom Labels

Inbound Email as an Innovation Service

Frequently Used Related Actions

Mini Conclusions

Notification Designer as an Innovation Service

**Interview Reminders** 

Workday Orchestrate

Workday Success Plans

Learning Recommendations Personalization

Candidate Skills Match for Recruiters

Expense Receipt Scanning

Time Tracking Anomalies

Supplier Discovery

**Learning Certifications** 

Scheduling with Skills Integration

Compensation
Survey Management

Spend Category Recommendation on Requisitions

Suggested Search

Intelligent Case Avoidance

Journal Insights

Absence Third-Party Calendar Integration

Guiding Requisitioning Supplier Invoice Worktag Recommendation

Supplier Invoice Automation

Customer Payment Matching

**Expense Protect** 

UI Personalization Service

Natural Workspaces

Time and Scheduling Hub

Strategic Sourcing Savings in Discovery Boards

Discovery Boards for Pay Equity





# **Revolutionizing Enterprise Software**

10+
New SKUs

20+
Solutions

1,000s
Enhancements

# **Doug Robinson**

EVP, GLOBAL SALES

# **Capitalizing On Our Expanding Opportunity**

At IPO	Today
325+ Core Customers	3,800+ Core Customers / 9,000+ Total Customers
Focused on New Logos	Focused on Both New Logos and Installed Base
Core HCM Was Only Landing Point	Multiple Landing Points Across oCHRO and oCFO
Sales Coverage Focused on U.S.	Global Sales Coverage
Horizontal Go-to-Market	Industry Specialization
SKU Selling	Solution Selling

#### **Capitalizing On Our Expanding Opportunity**

Our Accelerating Expand Opportunity



Our Broadening oCFO Opportunity



Our Enduring oCHRO Opportunity



# **Installed Base Provides Solid Ground for Growth**

3,800+

Core Customers

50%+

Fortune 500

97%

**Customer Satisfaction** 

5,700+ Planning Customers

24%

Global 2000































































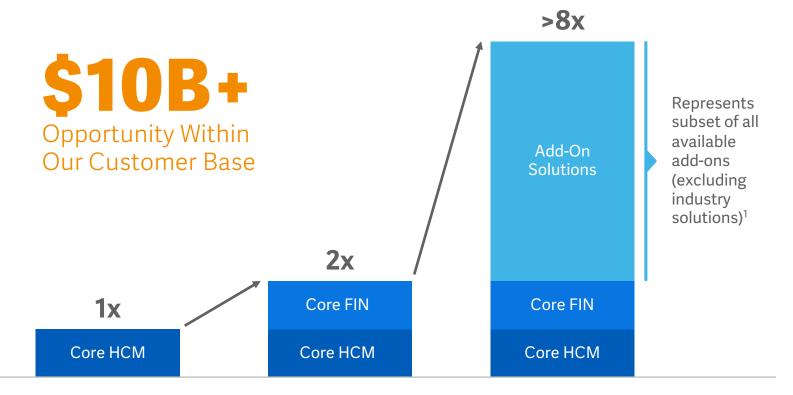








#### **An Expanding Portfolio Targeting Our Key Buyers**



Add-on solutions include Workday Accounting Center, Expenses, Extend, Financial Planning, Help/Journeys, Learning, Operational Planning, Payroll, Peakon, People Analytics, Prism Analytics, Procurement, Recruiting, Sales Planning, Strategic Sourcing, Talent Optimization, Time Tracking, and Workforce Planning.

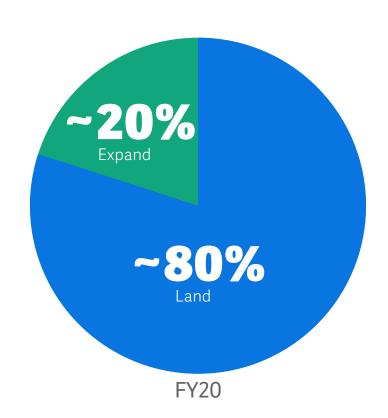
#### **Combined with Significant Go-to-Market Investments**

70%+

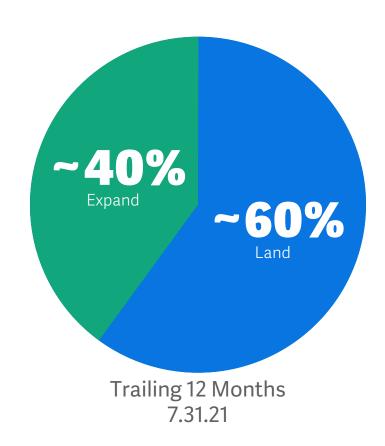
Growth in Customer
Base Sales Reps Over
the Last Two Years



# **Driving a More Balanced Mix of New ACV Bookings**

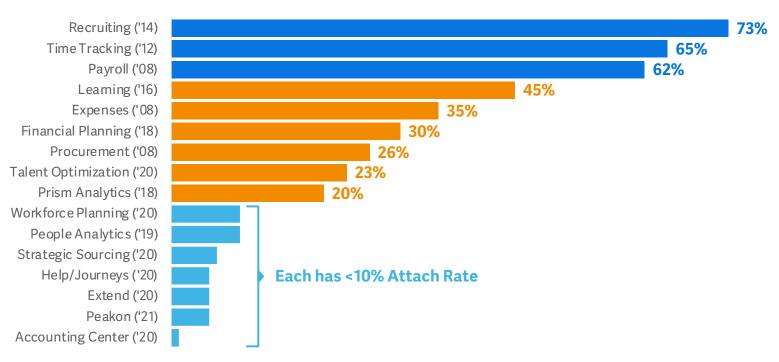


# **Driving a More Balanced Mix of New ACV Bookings**



#### **Different Solutions at Different Maturity Curves**

#### **Product Attach Rates**



#### Installed Base Is Important Core HCM/FINS Opportunity



Largest Pipeline
Opportunity Within
Installed Base

# Investing to Capitalize on Our Installed Base Opportunity

Increasing Sales Capacity

Accelerating Account-Base Marketing Efforts

Investing in Customer Success



#### **Capitalizing On Our Expanding Opportunity**

Our Accelerating Expand Opportunity



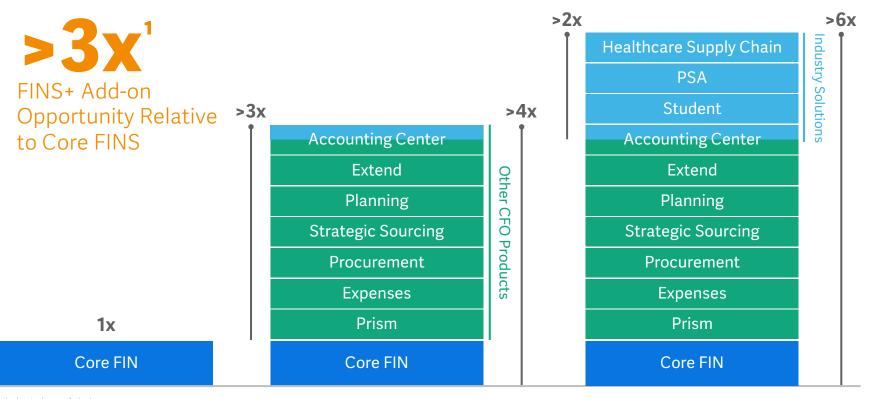
Our Broadening oCFO Opportunity



Our Enduring oCHRO Opportunity



#### Our Expanding Portfolio Targeting the oCFO



<sup>&</sup>lt;sup>1</sup> Excludes Industry Solutions

# Finance Transformation Is Expected to Accelerate



Through 2024, 60% of organizations will consolidate Cloud Core Financial Management with financial planning and analysis (FP&A) capabilities within the same vendor stack/platform.



In 2023, 30% of core financial projects that were slated for 2024 and 2025 will be undertaken sooner to improve financials during periods of economic recovery.



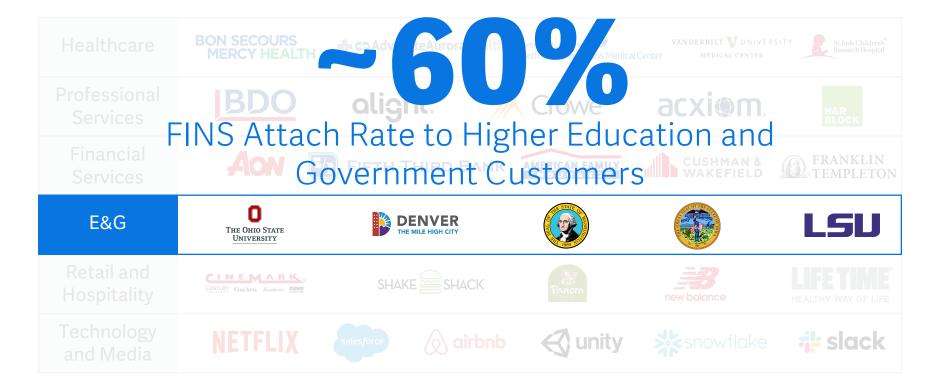
Inquiry levels for 2021 are up, showing that this market is resilient, as many organizations seek to move to more modern solutions from their legacy and outdated on-premises, license-based solutions.





**Professional** alight. acxi@m. Crowe H&R BLOCK Services FINS Attach Rate to Net New Deals # slack





# **Opening a Massive Ecosystem Opportunity**

14,000+ Certified Workday Resources in Our Ecosystem

Workday Extend is Quickly Ramping: 2,000+ Developers And 250+ Live Apps

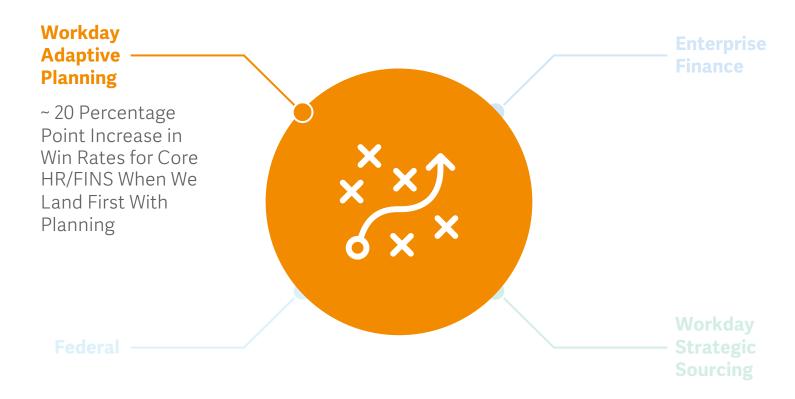
Enabling Co-innovation Allows Us to Engage Partners More Strategically



#### Opening New Engagement Paths with oCFO



#### Opening New Engagement Paths with oCFO



#### Opening New Engagement Paths with oCFO



#### Investing to Capitalize on Our oCFO Opportunity

- Increasing Sales Rep Capacity
- Brand Investments Targeted at oCFO
- Focused Partner Investments



#### **Capitalizing On Our Expanding Opportunity**

Our Accelerating Expand Opportunity



Our Broadening oCFO Opportunity



Our Enduring oCHRO Opportunity

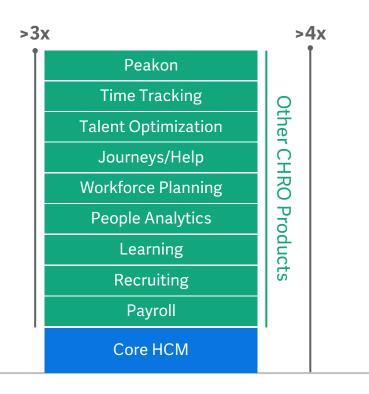


#### Our Expanding Portfolio Targeting the oCHRO



1x

Core HCM



<sup>&</sup>lt;sup>1</sup> For the trailing 12 months ended 7.31.21

#### Plenty of HCM Runway in Large and Medium Enterprise

Large Enterprise <25% Global 2000 **Penetration** 

Medium Enterprise

~10%
Midmarket Customer
Penetration

#### Our Biggest Market Still Has Room to Run



#### International Is an Important HCM Growth Driver



#### International Is an Important HCM Growth Driver

#### **United Kingdom**

Market Leaders with 30%+ of the FTSE 100

600+ Customers and Approaching 100 FINS

Native UK Payroll

Investing Across ME and Customer Base Sales



### **France**

Approaching 25% of CAC40 as Customers

Native Payroll for France

Investing Across Brand, Product Market Fit, and Sales Capacity

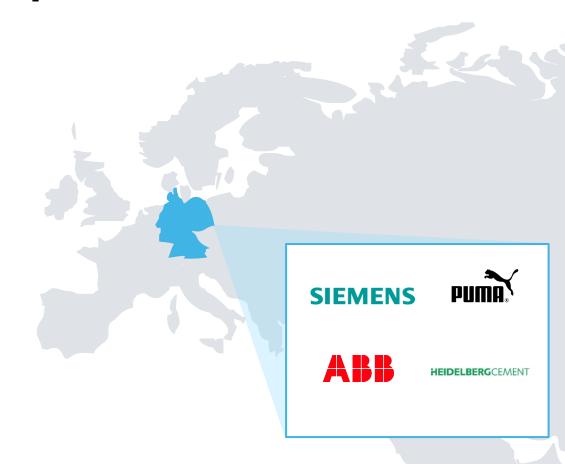


# **Germany**

35% of DAX40 are Customers

Native Payroll Investment

Significant Go-to-Market and Brand Investments



### **Australia**

Increasing Investments in Our Land Sales Teams

Native Payroll Investment

**Public Sector Opportunity** 



# Japan

Doubling Our Field Sales Force

Launched Our ME Business

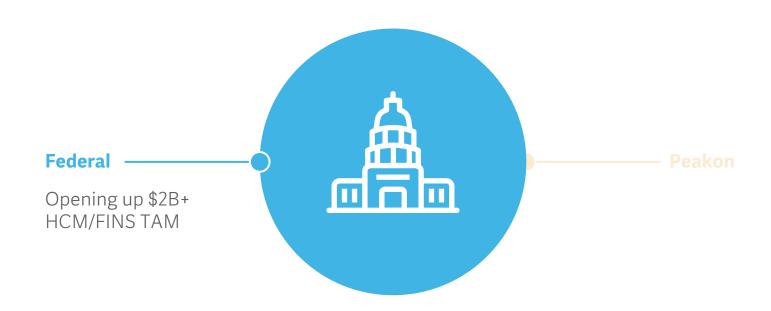
Reseller Relationship with IBM and Hitachi Solutions



# **Opening New Engagement Paths with oCHRO**



# **Opening New Engagement Paths with oCHRO**



# Investing to Capitalize on Our oCHRO Opportunity

- Increasing Global Rep Capacity
- Accelerating International Marketing/Brand Investments
- Opening Up the Federal Market



# Takeaways



Expanding Customer Share of Wallet Is a Significant Growth Driver



Our Broadening Finance Footprint Is Winning in the Market



Positioned to Dominate the HCM Market

# Robynne Sisco

PRESIDENT AND CFO

# The Path to \$10 Billion



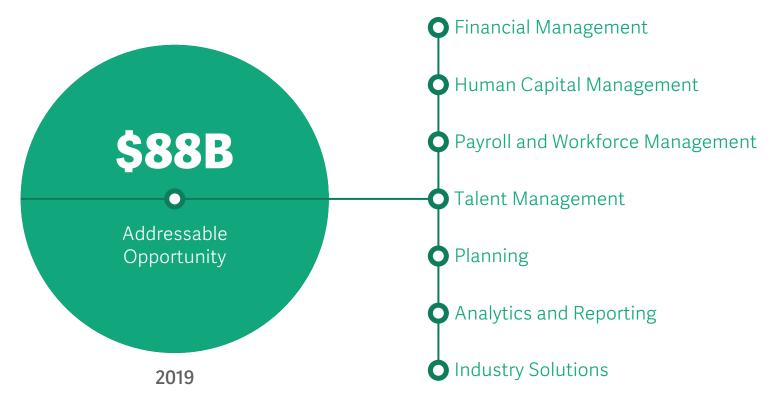
Importance of Retention



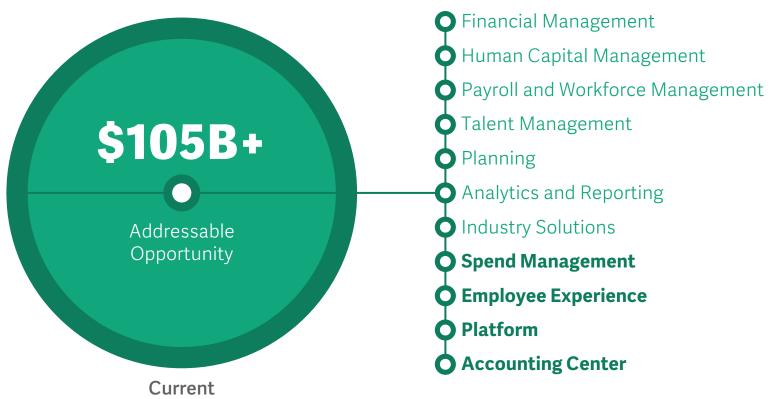
Compelling Business Model



# **Our Innovation Expands Our Opportunity**



# **Our Innovation Expands Our Opportunity**



# **Across Both New Landing Opportunities...**



Penetration into Our Addressable Customers

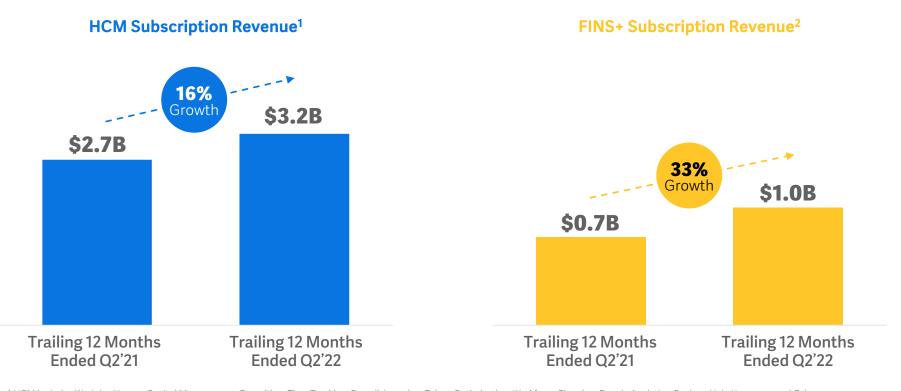
# **And Expanding Within Our Installed Base...**

\$10B+

Addressable Installed Base Opportunity



# **HCM and FINS+ Both Important Growth Drivers**



<sup>&</sup>lt;sup>1</sup> HCM includes Workday Human Capital Management, Recruiting, Time Tracking, Payroll, Learning, Talent Optimization, Workforce Planning, People Analytics, Peakon, Help/Journeys, and Other.

<sup>2</sup> FINS+ includes Workday Financial Management, Financial Planning, Spend Management, Prism Analytics, Industry Solutions, Extend, and Other.

# HCM Provides Significant Runway

~\$38B HCM Market Opportunity

<10% Penetration

### **Key Growth Vectors/Investment Areas**



International



Expanding Share of Wallet



Medium Enterprise



U.S. Federal



Future Innovation



M&A

# Unlocking a Massive FINS+ Opportunity

**~\$67B** FINS+ Market Opportunity

<5% Penetration

### **Key Growth Vectors/Investment Areas**



New Landing Points



Expanding into Our HCM Base



Medium Enterprise



Deepening Our Industry Presence



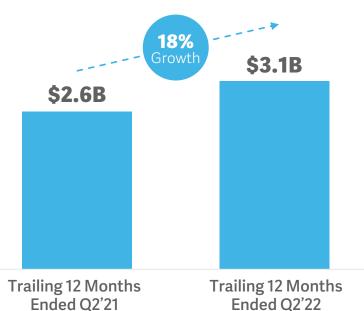
Future Innovation



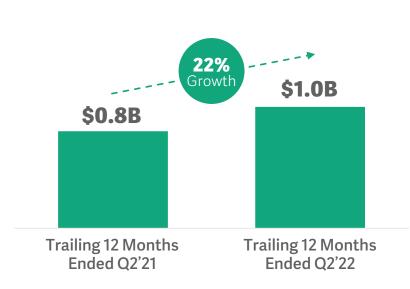
M&A

# The Opportunity Is Global





### **International Subscription Revenue**



# U.S. Still Has Lots of Room to Run

~\$53B Market Opportunity

<10% Penetration

### **Key Growth Vectors/Investment Areas**



Large Enterprise/ Fortune 500



Expanding Share of Wallet



Medium Enterprise



Industry/U.S. Federal



Future Innovation



M&A

# International Markets Are Even Faster Growth

~\$52B Market Opportunity

<5% Penetration

### **Key Growth Vectors/Investment Areas**



Large Enterprise / Global 2000



Medium Enterprise



M&A



Deepening Our Industry Presence



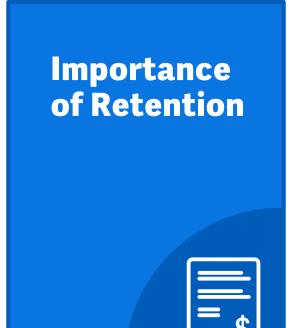
Expanding Share of Wallet



Future Innovation

# The Path to \$10 Billion

Multiple Growth Vectors





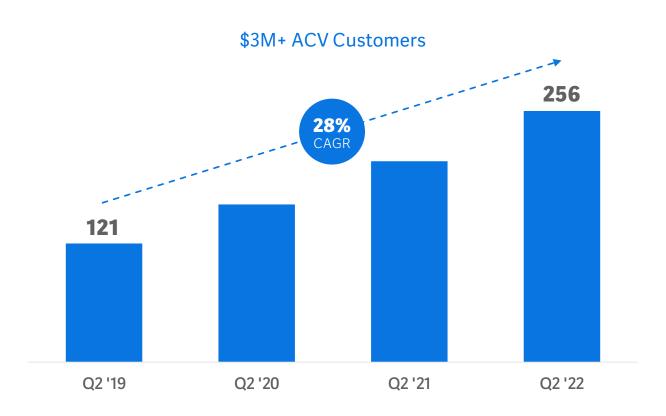
# Durable Retention Highlights Our Strategic Nature



# And is Best-in-Class in Enterprise Software



# Fueling Strong Growth in Our Strategic Relationships



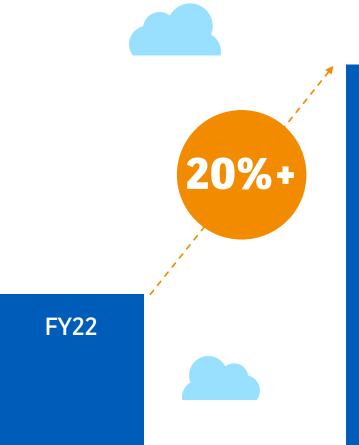
# The Path to \$10 Billion

Multiple Growth Vectors

Importance of Retention



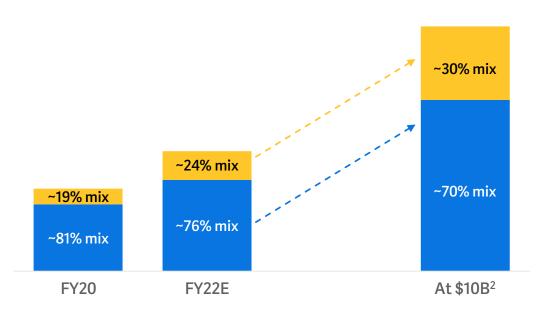
Targeting
Sustained 20%+
Subscription
Revenue Growth



\$10B Total Revenue

# **HCM and FINS+ Sustaining Healthy Growth**

FINS+ Subscription Revenue<sup>1</sup> HCM Subscription Revenue



Driving FINS+ Subscription Growth of ~30%

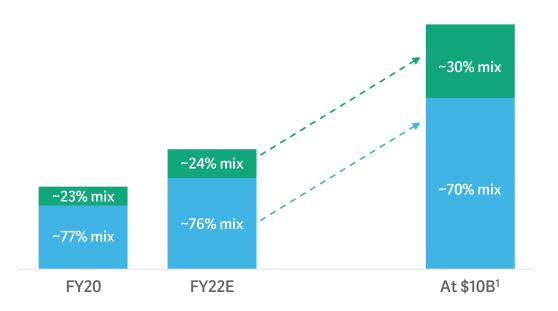
Sustaining High-Teens Subscription Growth in HCM

<sup>&</sup>lt;sup>1</sup> FINS+ includes Workday Financial Management, Financial Planning, Spend Management, Prism Analytics, Industry Solutions, Extend, and Other.

<sup>&</sup>lt;sup>2</sup> Represents estimated subscription revenue mix at \$10B in total revenue.

# **Significant Growth Opportunities Globally**

**International Subscription Revenue U.S. Subscription Revenue** 



Accelerating International Subscription Growth to ~30%

Sustaining High-Teens Subscription Growth in U.S.

<sup>&</sup>lt;sup>1</sup> Represents estimated subscription revenue mix at \$10B in total revenue.

# Margin Expansion Highlights the Power of Our Model

**Non-GAAP Operating Margin** 



Margins Have More Than Doubled Over the Last Three Years

# **Outpacing Normal Efficiencies that Come with Scale**

Non-GAAP Operating Margin Normalized Margin Progression



More Measured Hiring Levels in FY21

**COVID-related Cost-savings** 

# **Investing For Long-Term Growth**

Non-GAAP Operating Margin Normalized Margin Progression



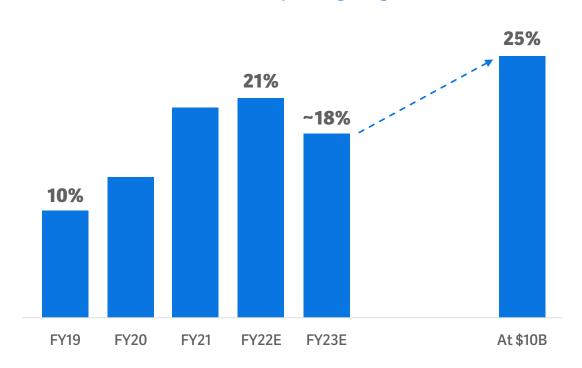
Increased Investments in Top Line Growth

COVID-related Cost-savings
Phase Back Into the Model

Rollout of Cash Performance Bonus Program

# **And Targeting 25% Margins at \$10B**

### **Non-GAAP Operating Margin**



# Targeted Non-GAAP Margins at \$10 Billion

Line Items	Targeted Margins		
Gross Margins	~80%		
R&D/Revenue	~22%		
S&M/Revenue	~27%		
G&A/Revenue	~6%		
Operating Margin	~25%		
Operating Cash Flow Margin	~35%		





Innovating for the Future



Capitalizing on Our Expanding Opportunity



Compelling Business Model



Significant Runway Beyond \$10B

# Appendix

# Operating Margin GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY19	FY20	FY21
Revenue	2,822,180	3,627,206	4,317,996
Operating Income (Loss)	(463,284)	(502,230)	(248,599)
Operating Margin %	(16%)	(14%)	(6%)
Non-GAAP Adjustments			
Share-Based Compensation	673,418	859,880	1,004,854
Other (1)	81,123	126,816	110,986
Operating Income (Loss) (Non-GAAP)	291,257	484,466	867,241
Operating Margin % (Non-GAAP)	10%	13%	20%

<sup>&</sup>lt;sup>1</sup> Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets

# **Thank You**

