



Financial Analyst Day

October 2, 2018

Workday Financial Analyst Day Agenda

Welcome	Michael Magaro, VP Investor Relations
Opening Remarks	Robynne Sisco, Co-President and CFO
Adaptive Insights Technology	Tom Bogan, CEO, Adaptive Insights, a Workday Company
Workday Technology Journey	Petros Dermetzis, Chief Product Officer
Break (15 mins)	
Customer Panel	Emily McEvilly, SVP Services
Customer Experience	Jim Bozzini, COO
Go-To-Market Growth Levers	Chano Fernandez, Co-President
Enduring Growth	Robynne Sisco, Co-President and CFO
Q&A	

Safe Harbor Statement

This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions. If any of these risks or uncertainties materialize or if any of these assumptions prove incorrect, the results of Workday could differ materially from the results expressed or implied by these forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements, including any projections of revenues, gross margins, earnings, or other financial items; any statements regarding strategies or plans of management for future operations; any statements concerning new features, enhancements, or upgrades to our existing applications or services or plans for future applications or services; statements about current or future economic conditions; and any statements of belief. The risks and uncertainties referred to above include, but are not limited to, our history of losses and expectations as to future losses, limited operating history, competition, management of growth, development of the market for enterprise cloud computing, market acceptance of our applications and services, breaches of our security measures, fluctuations in our operating results, interruptions or delays in the provision of our services, risks associated with selling to larger enterprise customers, and adverse changes in general economic or market conditions. Further information on risks that could affect the financial results of Workday 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 other public statement that are not currently available are subject to change and may not be delivered as planned or at all. Customers who purchase Workday applications and services should make their purchase decisions based upon services, features, and functions that are currently available.

Use of Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures we believe provide investors and others with additional information regarding Workday's results. Workday has provided a reconciliation of each non-GAAP financial measure used in this presentation to the most directly comparable GAAP financial measure in an Appendix at the end of this presentation.

Workday's management uses non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Workday's financial performance and the ability of operations to generate cash. Management believes the use of non-GAAP financial measures reflects Workday's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Workday's business, as they exclude expenses that are not reflective of ongoing operating results. Management also believes that non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Workday's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies. The use of non-GAAP financial measures has certain limitations as they do not reflect all items of income and expense that affect Workday's operations. Non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. Further, non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Management encourages investors and others to review Workday's financial information in its entirety and not rely on a single financial measure.

Opening Remarks

Robynne Sisco, Co-President and CFO

Highlights from Keynote

- Plan, Execute and Analyze in One System
- Data is its Most Powerful with Workday
- Machine Learning Will Make Workday Predictive
- Culture and Customer Success Remain Core Workday Differentiators

Adaptive Insights Technology

Tom Bogan, CEO, Adaptive Insights, a Workday Company

Market Leadership



4,000+
Customers
in 50+ countries



**Modern Cloud
Architecture**
Multi-tenant
In-memory

\$4B+
TAM

+36% TTM
Subscription Revenue
Growth



Gartner Leader
Forrester Leader
Deloitte Fast 500
Forbes Cloud 100

Large, Growing & Passionate Customer Base

4,000+

Customers

1,100+

Net New Customers
Added in Last Two Years

23% Enterprise

43% Mid-Market

34% SMB

P.F. CHANG'S
CHINA BISTRO

Boston
Scientific

POLARIS

YAMAHA

THE UNIVERSITY
OF ARIZONA

Kindred
at Home

BlueCross
BlueShield

KENDALL JACKSON

seventh
generation

RALPH LAUREN

Infoblox
CONTROL YOUR NETWORK

KAYAK

FIRSTWEST

CallidusCloud

MetLife

LEGENDARY

goodwill

INSTRUCTURE

SF MO
MA

CMA
COUNTRY MUSIC ASSOCIATION

NRPA
National Recreation
and Park Association

ServiceTitan

tpt
TWIN CITIES
PBS

THE HESS COLLECTION

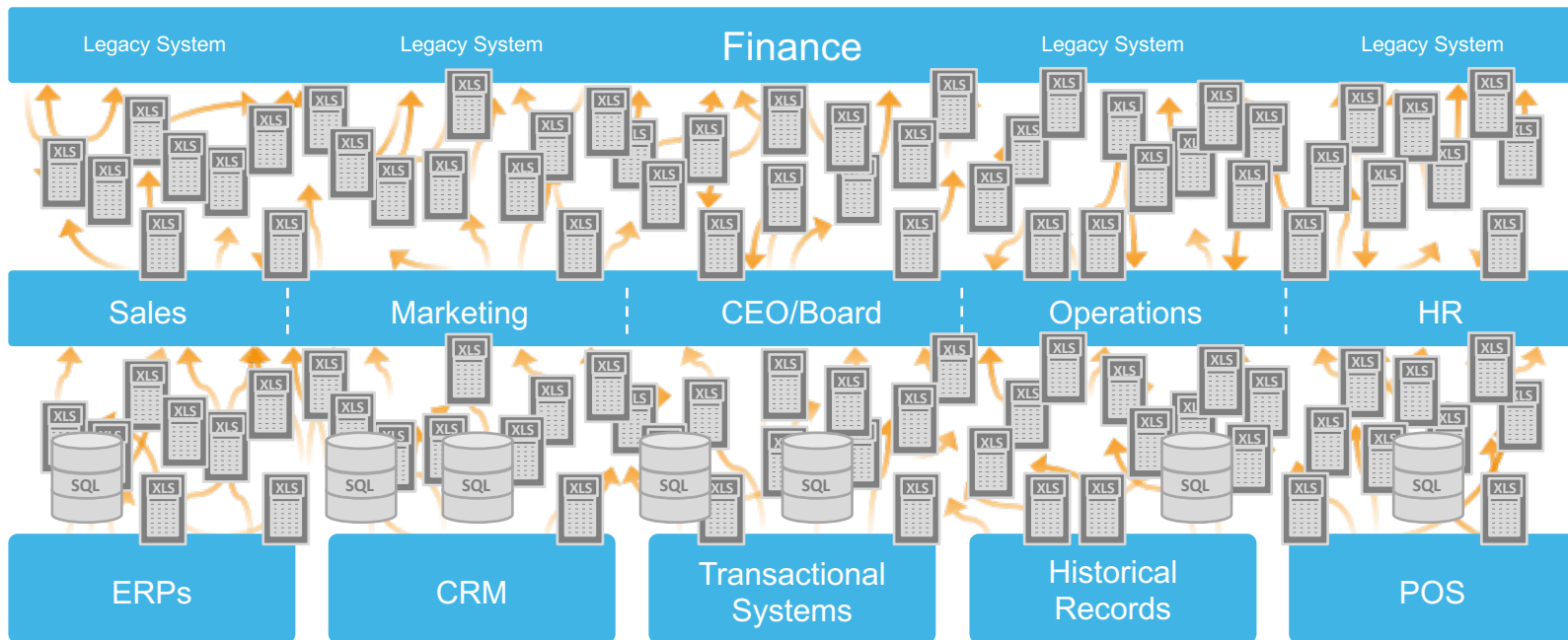
tunein

Lincoln Center

T2Biosystems

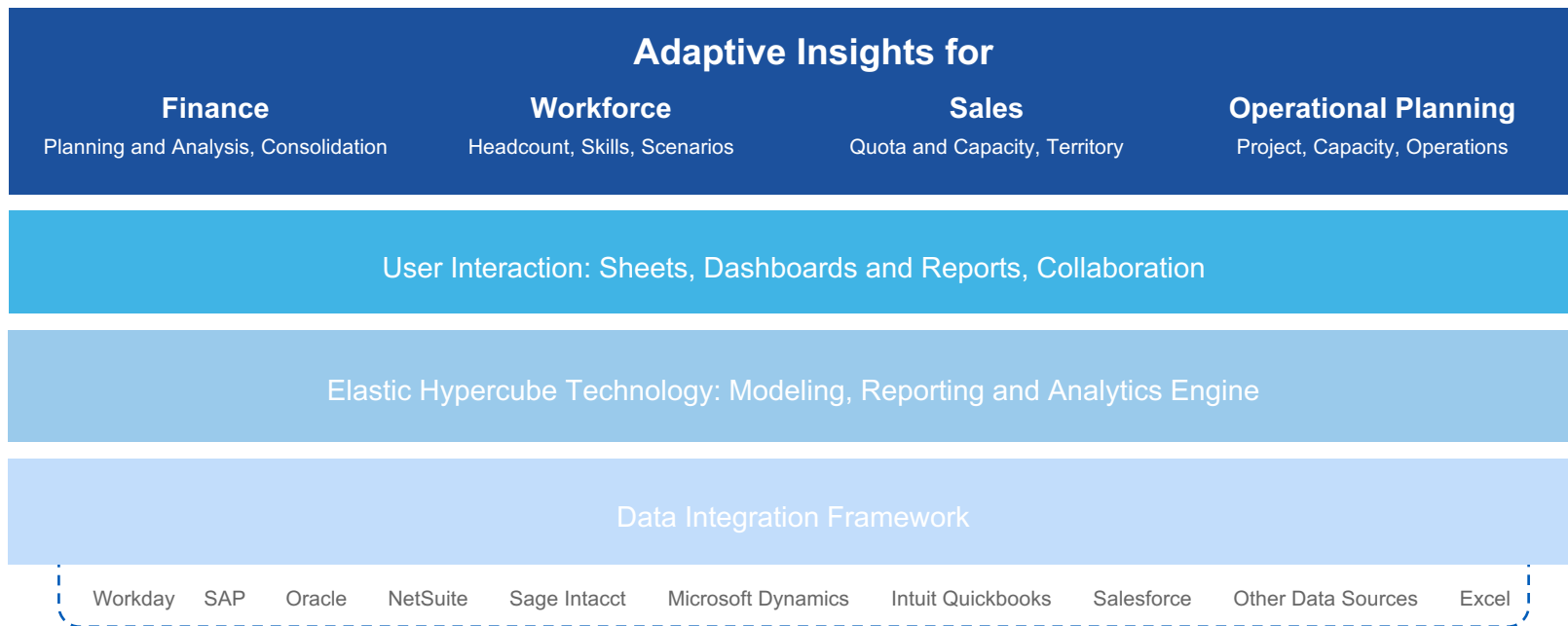
Chaos Limits Business Agility

Static Planning: siloed, inaccurate, episodic, reactive, and lacks insight



Business Planning Cloud Platform

Powered by Elastic Hypercube Technology



Elastic Hypercube Technology

Patent Pending

Intelligent

Knows what it needs to calculate and only calculates that

Robust Modeling Engine

Scalable

Adds memory and computing power when you need it

10^{18}

Cells—
no set limit

22

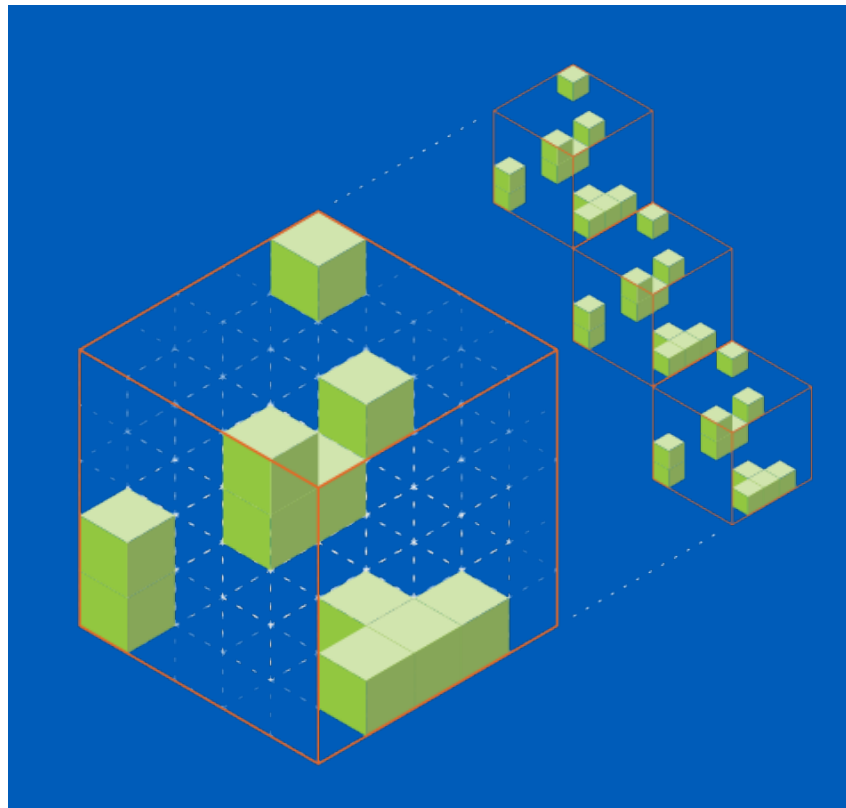
dimensions
typical—
no set limit

200+

Scenarios —
no set limit

Million
member
sheets

All Without Compromising Ease-of Use
for business users



Power of One



Adaptive Insights Roadmap to Power of One



Native integration
Drill through

Plan to execute
Prism data exchange
Budgetary controls

Single sign-on

Unified security model

Adaptive worklet
Tasks via Workday Inbox

Unified look and feel

32

Workday 32

33

Workday 33

Accelerating Go-to-Market Momentum



Adaptive Insights Through Workday

- As planning solution in Workday suite
- As 'tip of the spear' into finance and other functions

Adaptive Insights Standalone

- Midmarket and SMB traditional markets
- Accelerate in enterprises with Workday strength

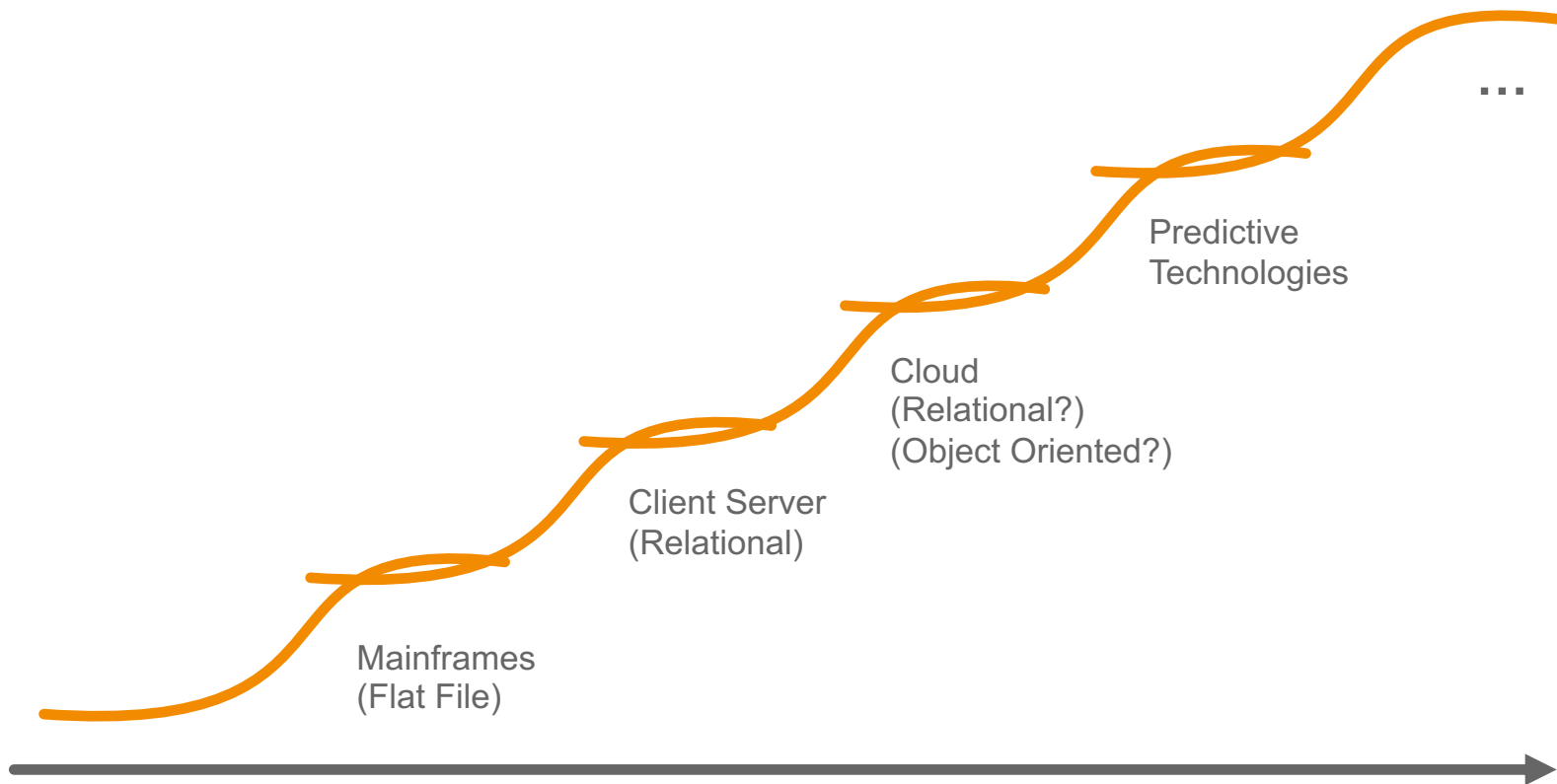
The Workday Technology Journey

Petros Dermetzis, Chief Product Officer

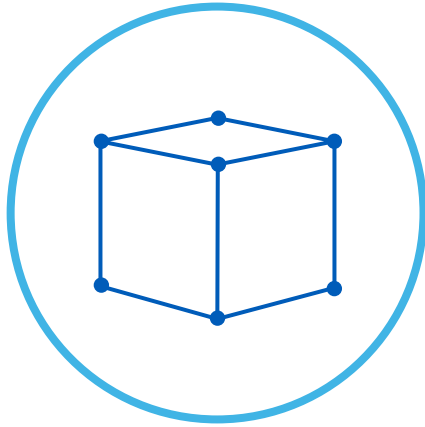
You Might Think of Workday As...



The Workday Technology Journey

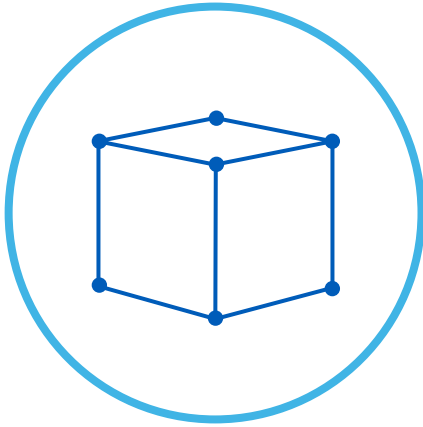


Transactions

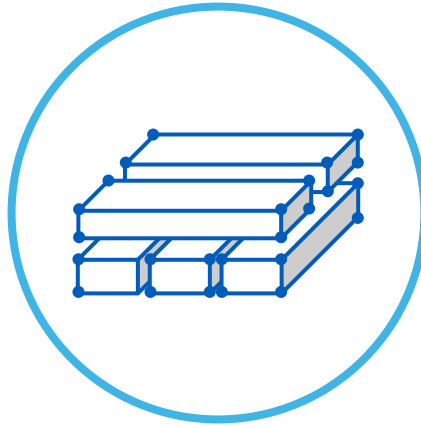


Execute

Analysis

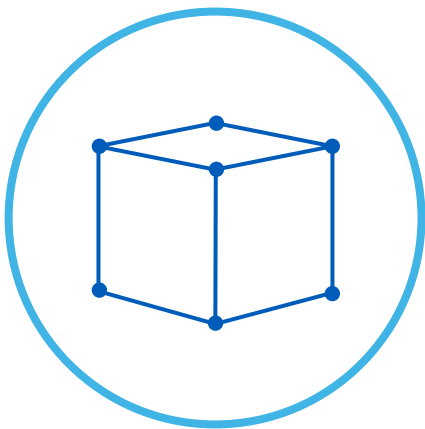


Execute

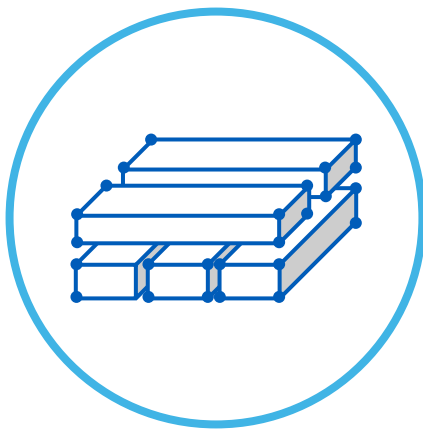


Analyze

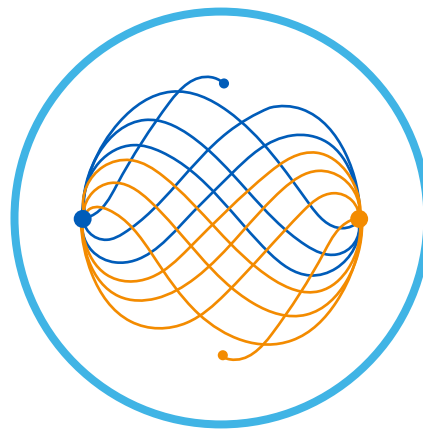
Planning



Execute

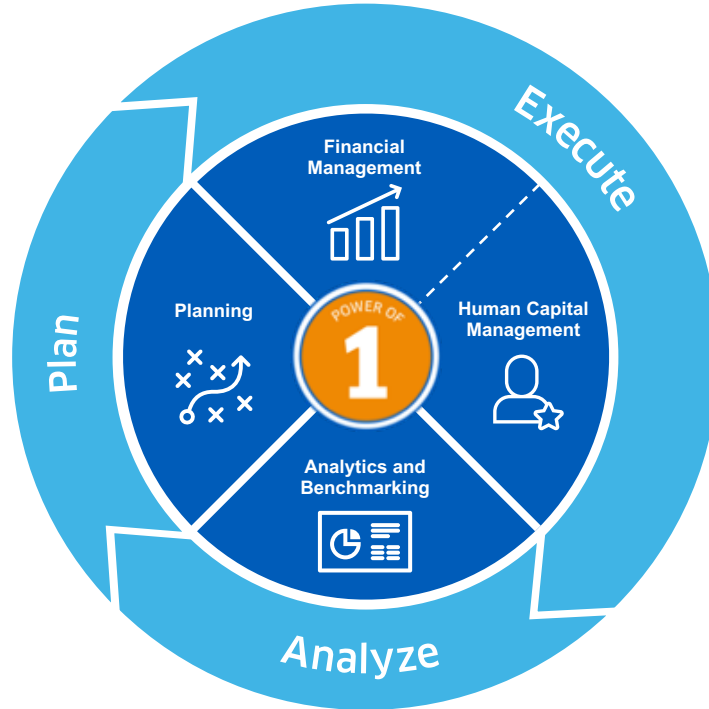


Analyze



Plan

Unification



Built for the Future



Plan, Execute, Analyze

Unification

Only Workday

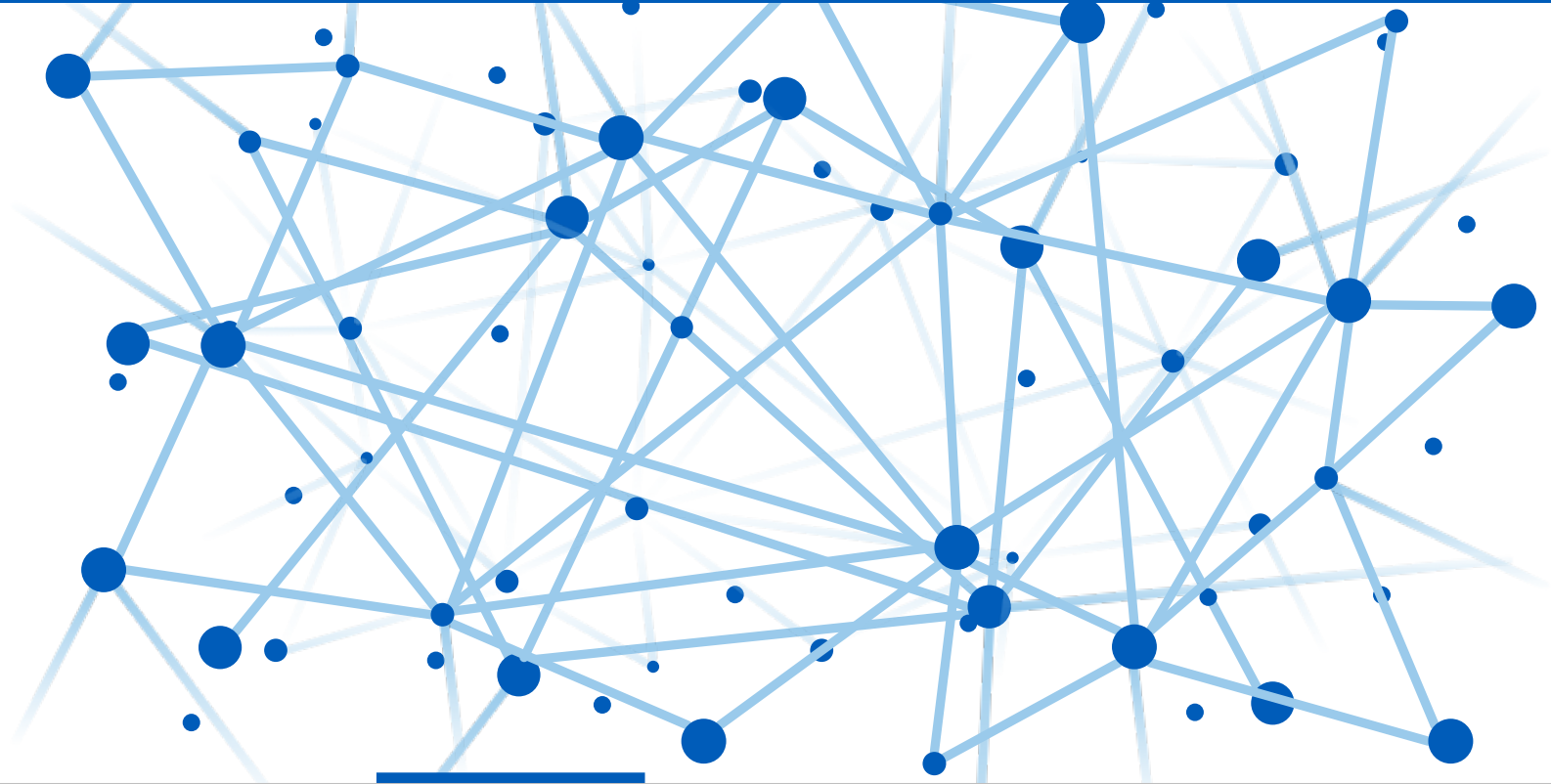
Platform Vision

Work

Data Vision

Final Thoughts

The Brain



Plan, Execute, Analyze

Unification

Only Workday

Platform Vision

Work

Data Vision

Final Thoughts

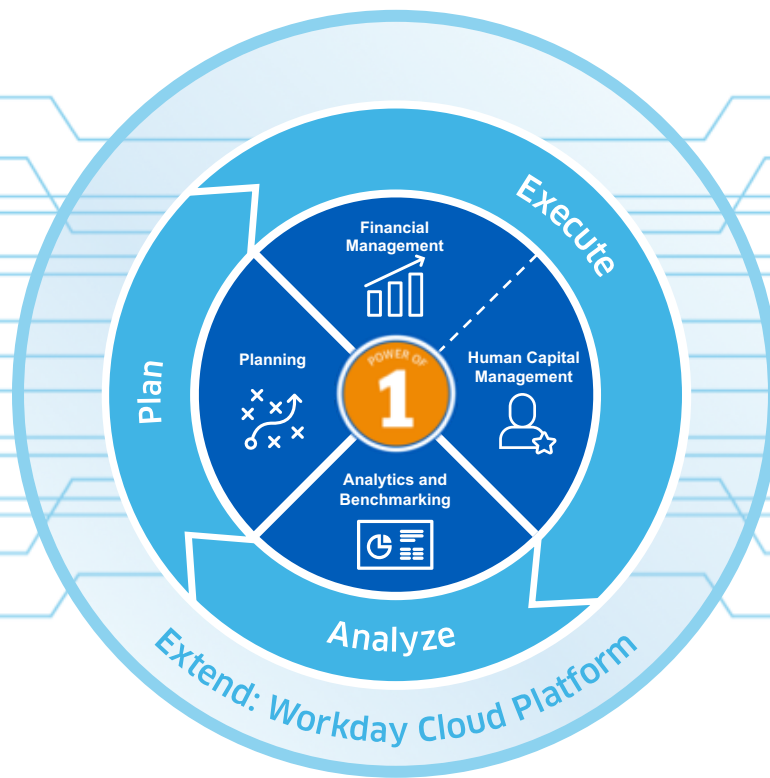
Power of One



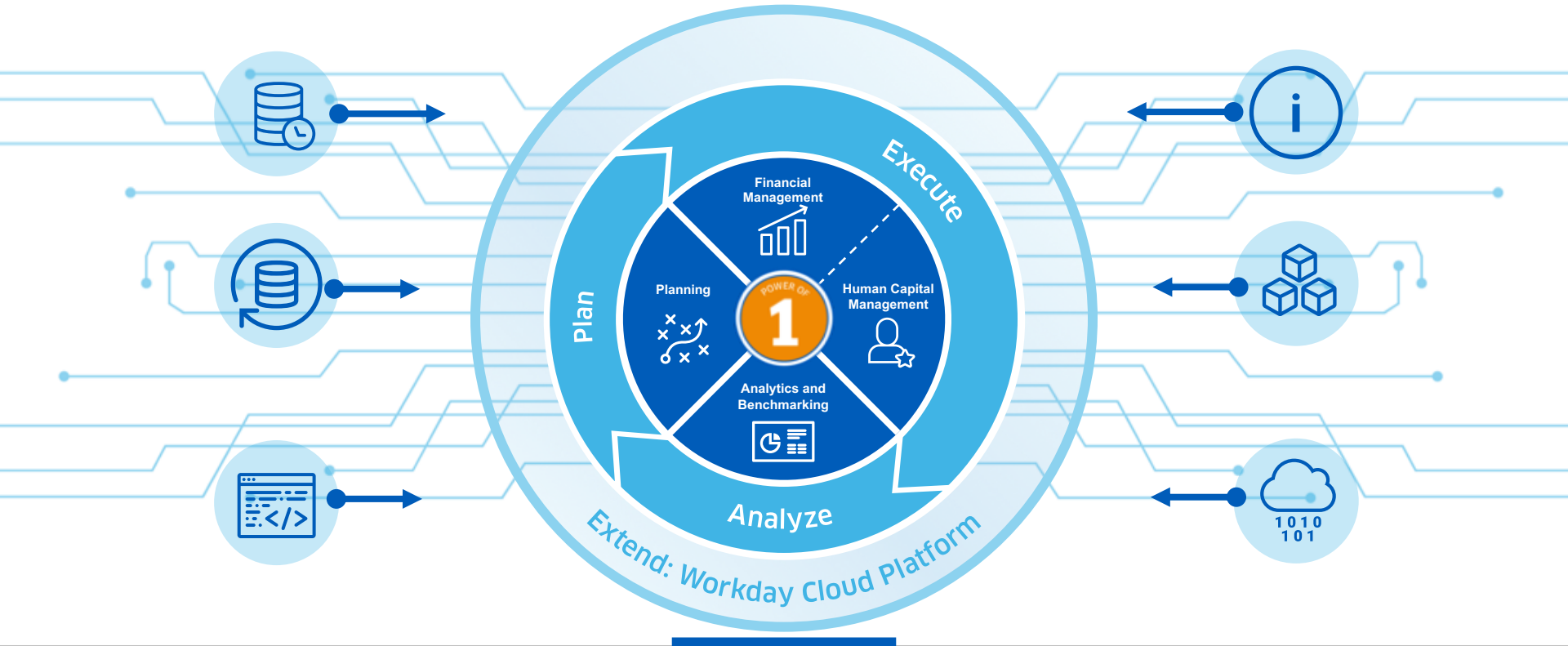
The Connective Tissue



Plan, Execute, Analyze, Extend



Data + Engagement Layer



Plan, Execute, Analyze

Unification

Only Workday

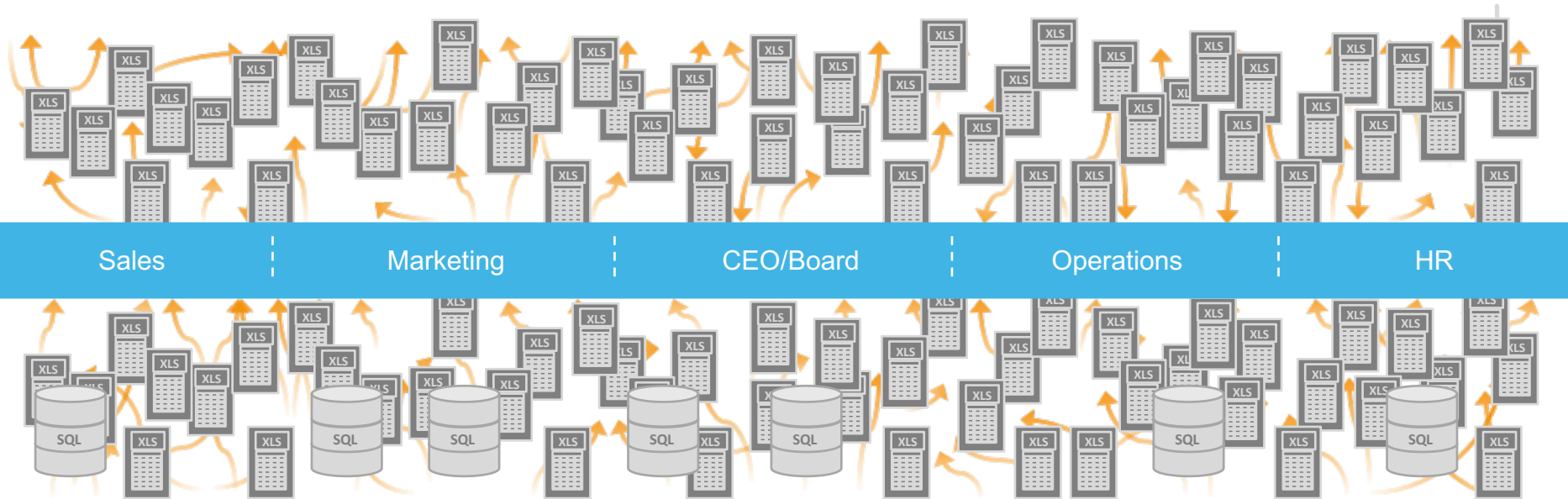
Platform Vision

Work

Data Vision

Final Thoughts

Work Today



Plan, Execute, Analyze

Unification

Only Workday

Platform Vision

Work

Data Vision

Final Thoughts

Keep Work Where the Data Is



Plan, Execute, Analyze

Unification

Only Workday

Platform Vision

Work

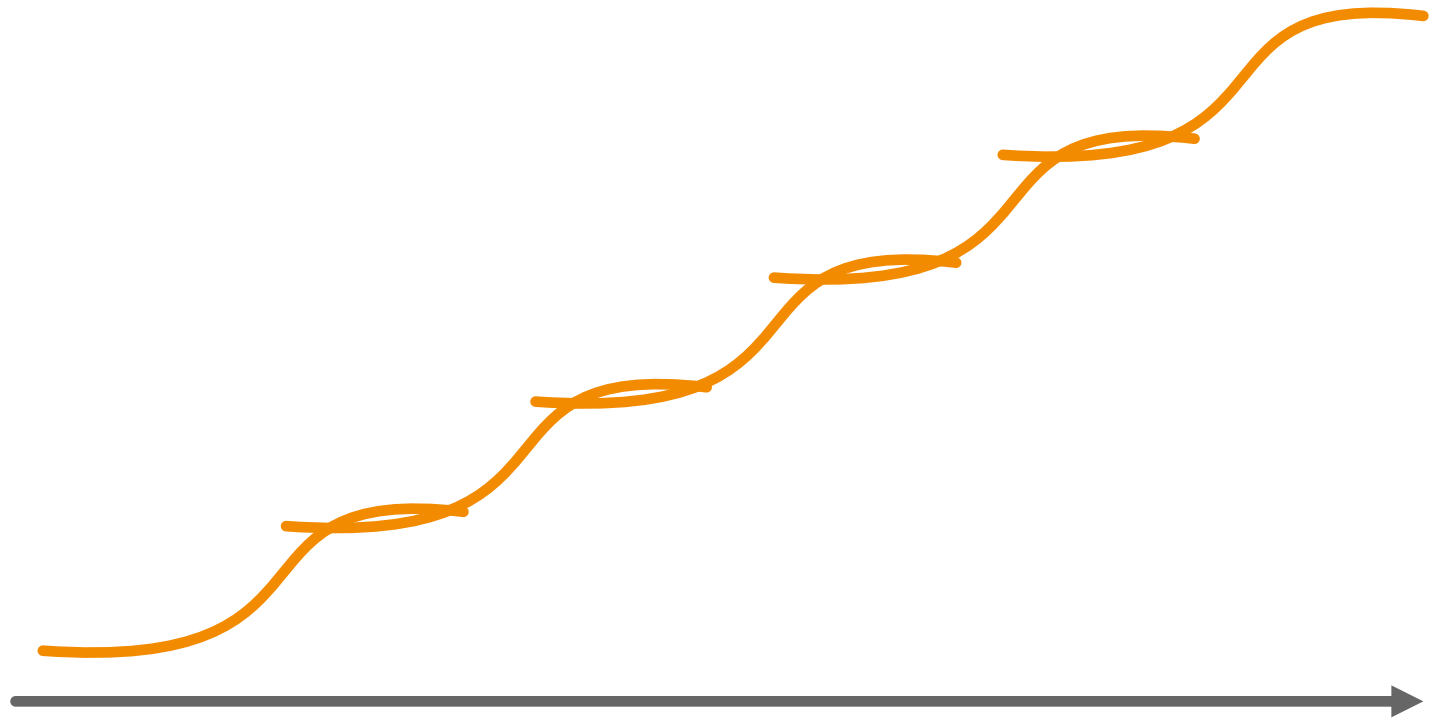
Data Vision

Final Thoughts

Keep Work Where the Data Is



The Emergence of New Technology



Plan, Execute, Analyze

Unification

Only Workday

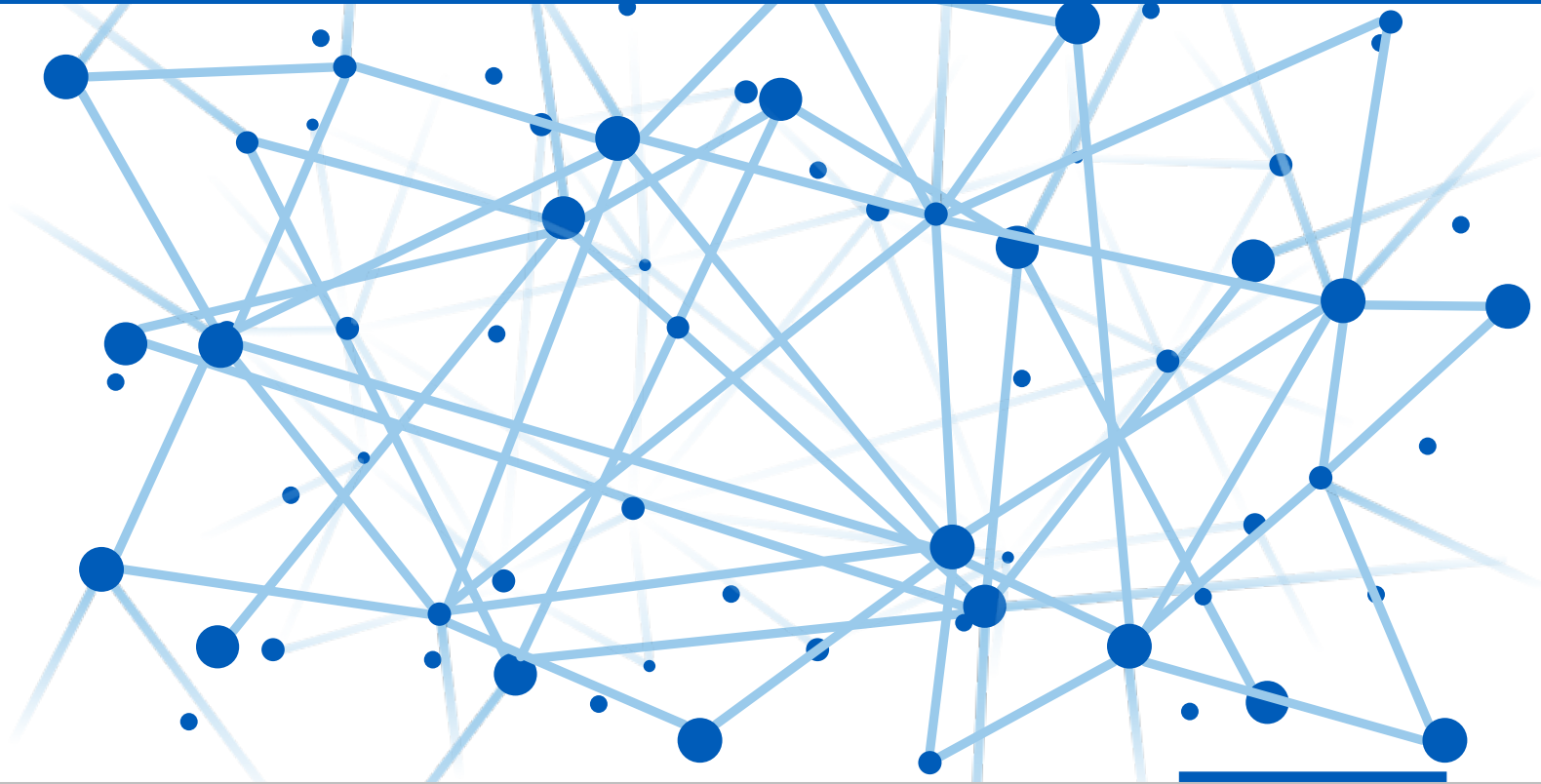
Platform Vision

Work

Data Vision

Final Thoughts

The Object Graph



Plan, Execute, Analyze

Unification

Only Workday

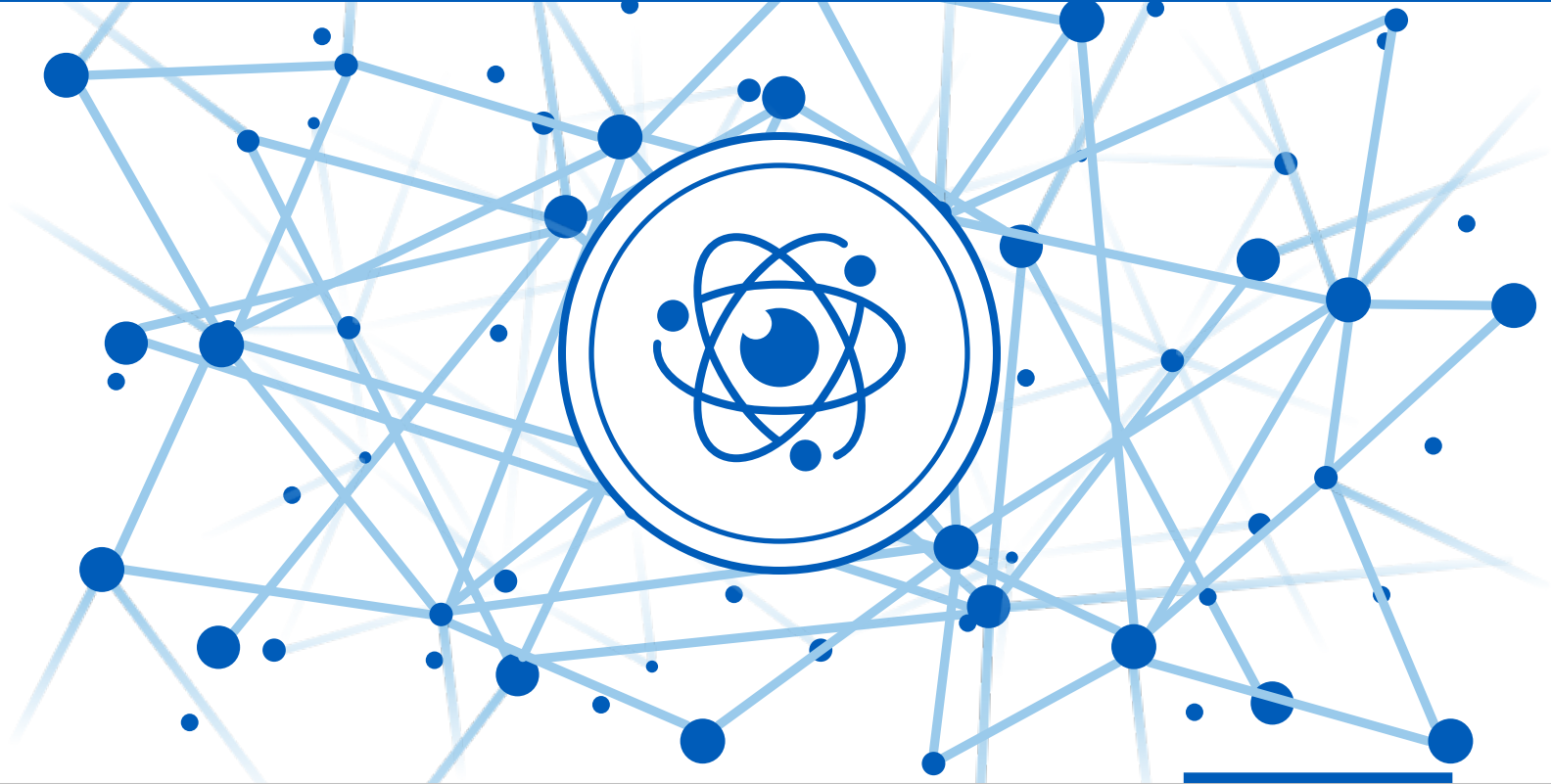
Platform Vision

Work

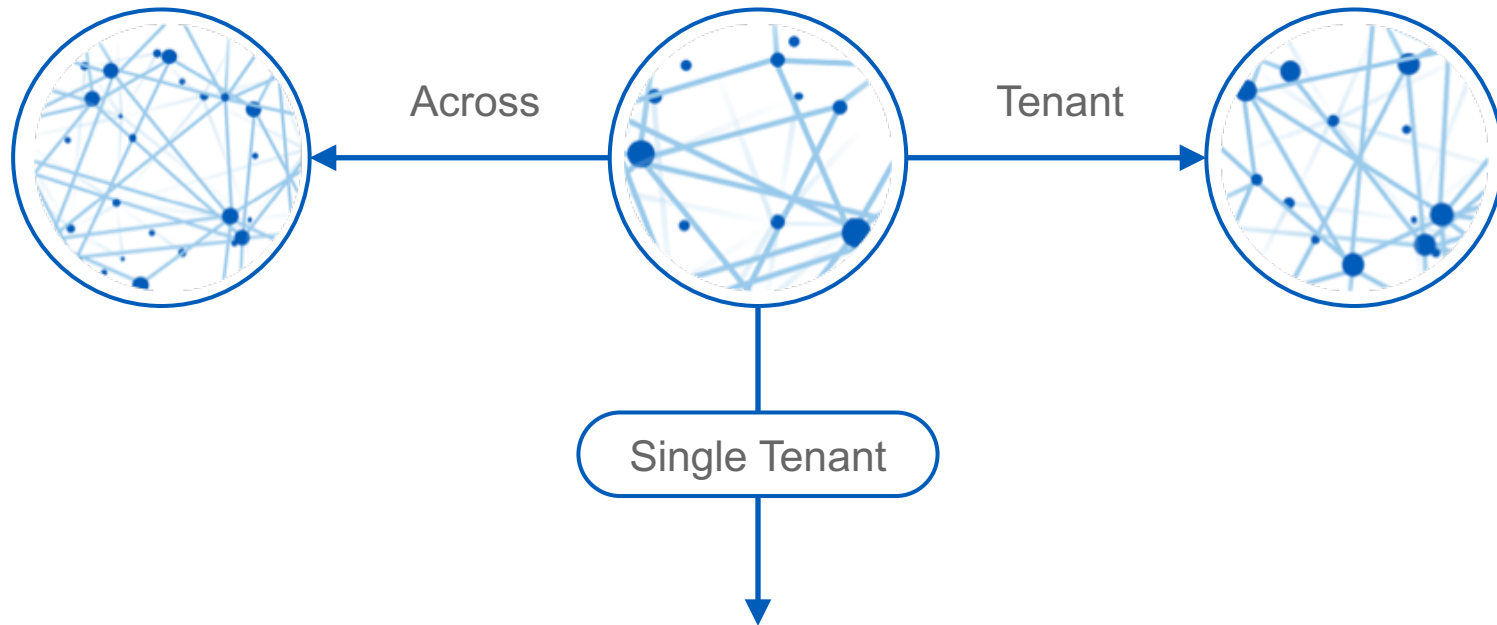
Data Vision

Final Thoughts

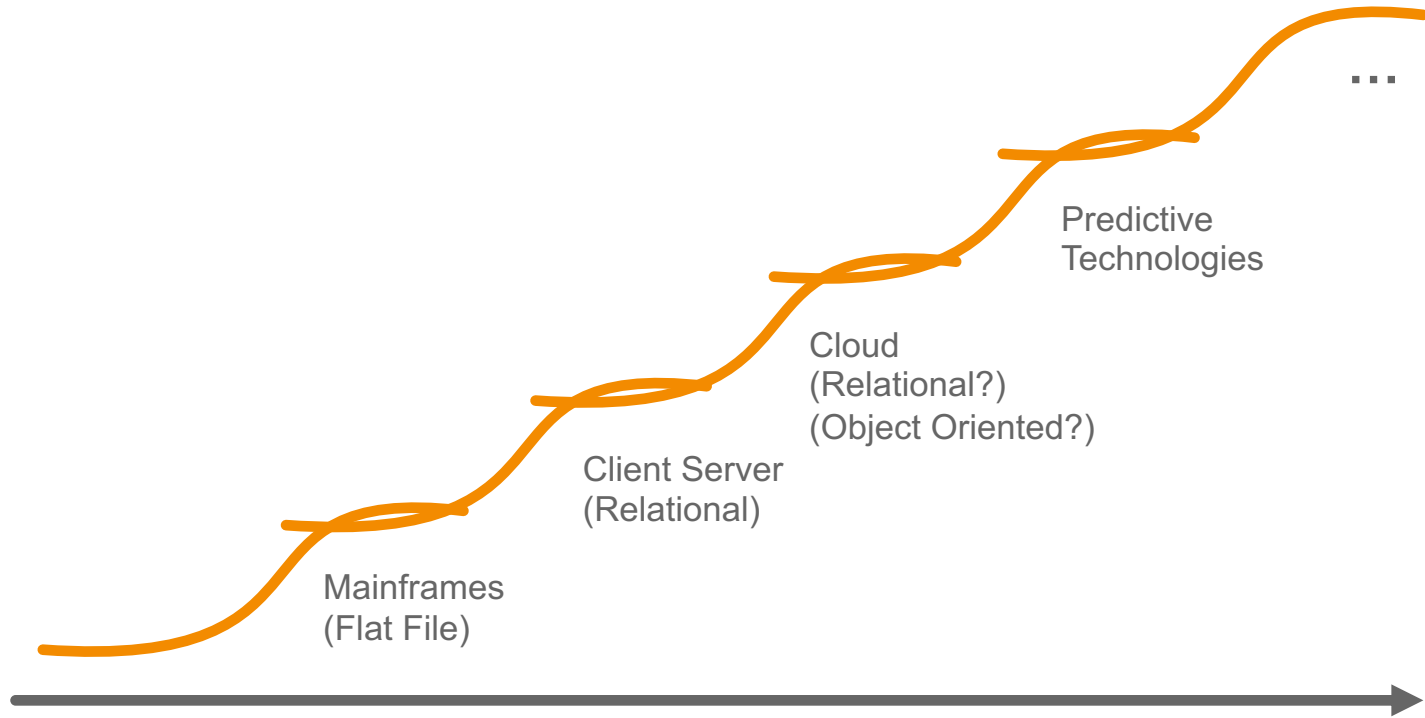
Machine Learning



Cross Tenant



The Workday Technology Journey



Plan, Execute, Analyze

Unification

Only Workday

Platform Vision

Work

Data Vision

Final Thoughts

Customer Panel

Emily McEvilly, SVP Services



Chanda Pepping
VP, Finance Technology

Unum



Christa Davies
EVP and CFO, Aon
Workday Board Member

Aon plc

About Aon plc



50,000+

Employees

**Professional
Services**

Industry



**London,
England**

Headquarters

120

Countries operating in

1982

Founded



\$10B

In revenue

AON

NYSE

**Workday
at Aon plc**



Financial
Management



Human Capital
Management



Payroll



Expenses



Learning



Professional
Services

About Unum



10,000+

Employees

Insurance

Industry



**Chattanooga,
Tennessee**

Headquarters

US, UK, Ireland

Operations in

1848

Founded



\$11B

In revenue

#267

Fortune 500

UNM

NYSE

**Workday
at Unum**



Financial
Management



Human Capital
Management



Payroll



Recruiting



Procurement



Expenses



Prism
Analytics



Cloud
Platform

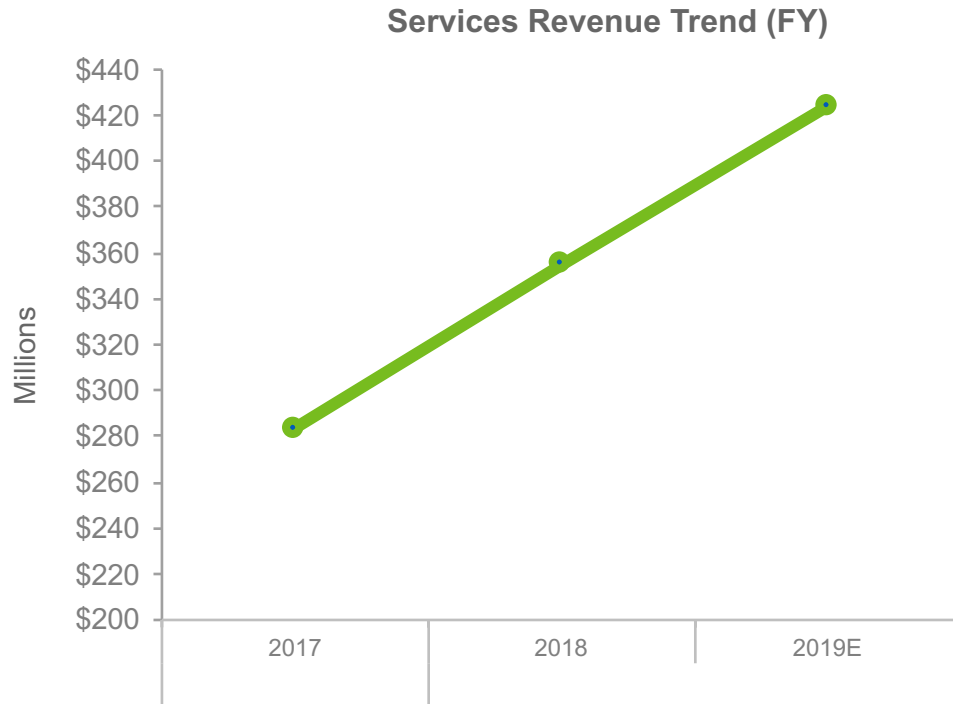


Learning

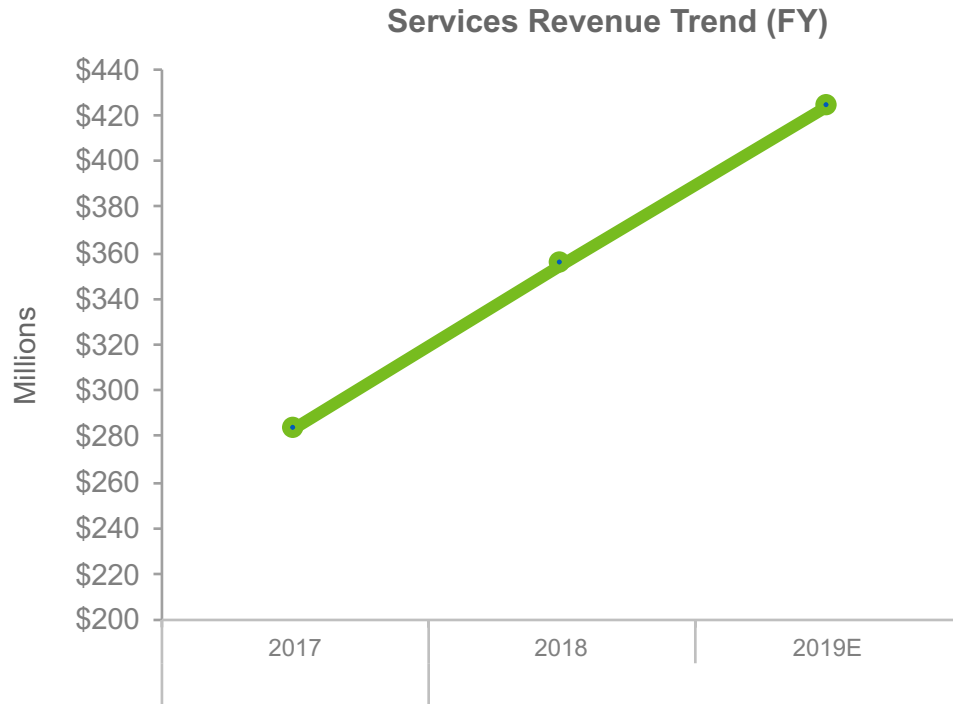
Customer Experience

Jim Bozzini, COO

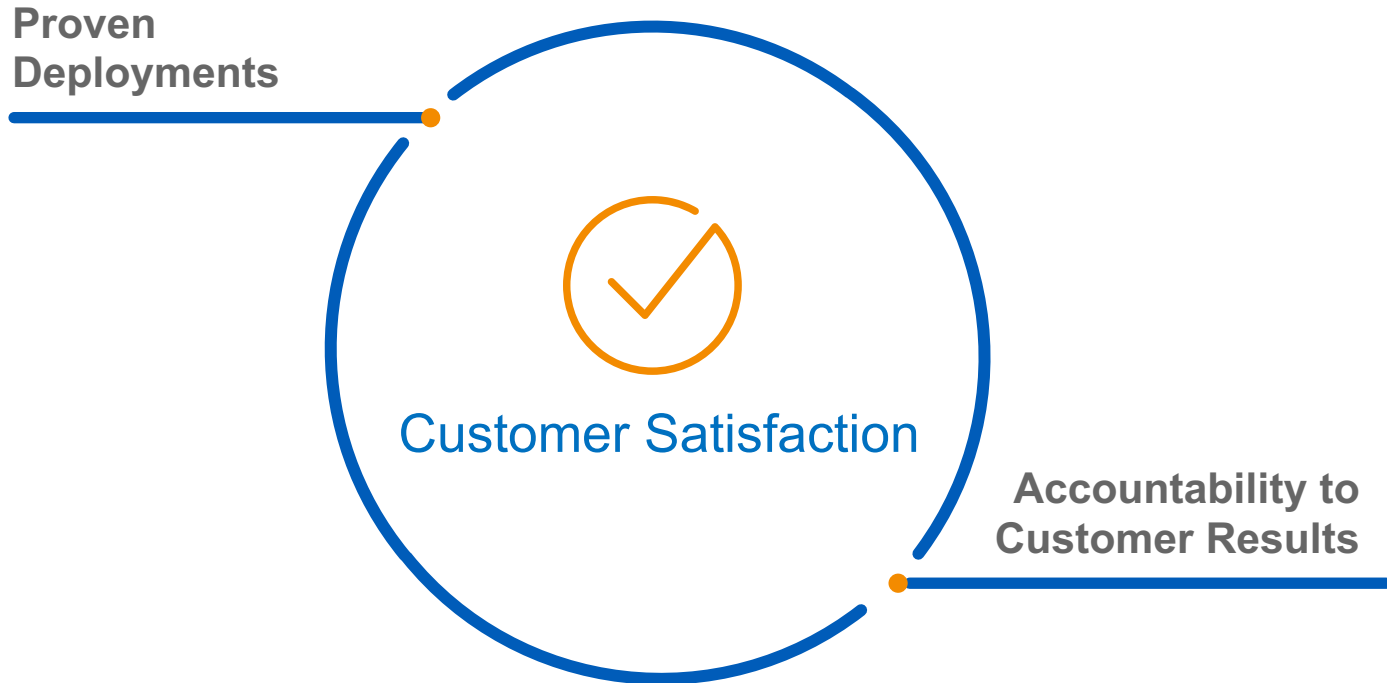
Key Objectives



Key Objectives



Differentiated Customer Experience



Differentiated Customer Experience



Key Components of Workday Deployments



Deployment Tooling



Reduce Hours



Increase Predictability



Improve Quality

Streamlined Deployments

Significant Momentum in Medium Enterprise

Pre-Configured



Packaged Scope



Fixed Fee



Workday Launch

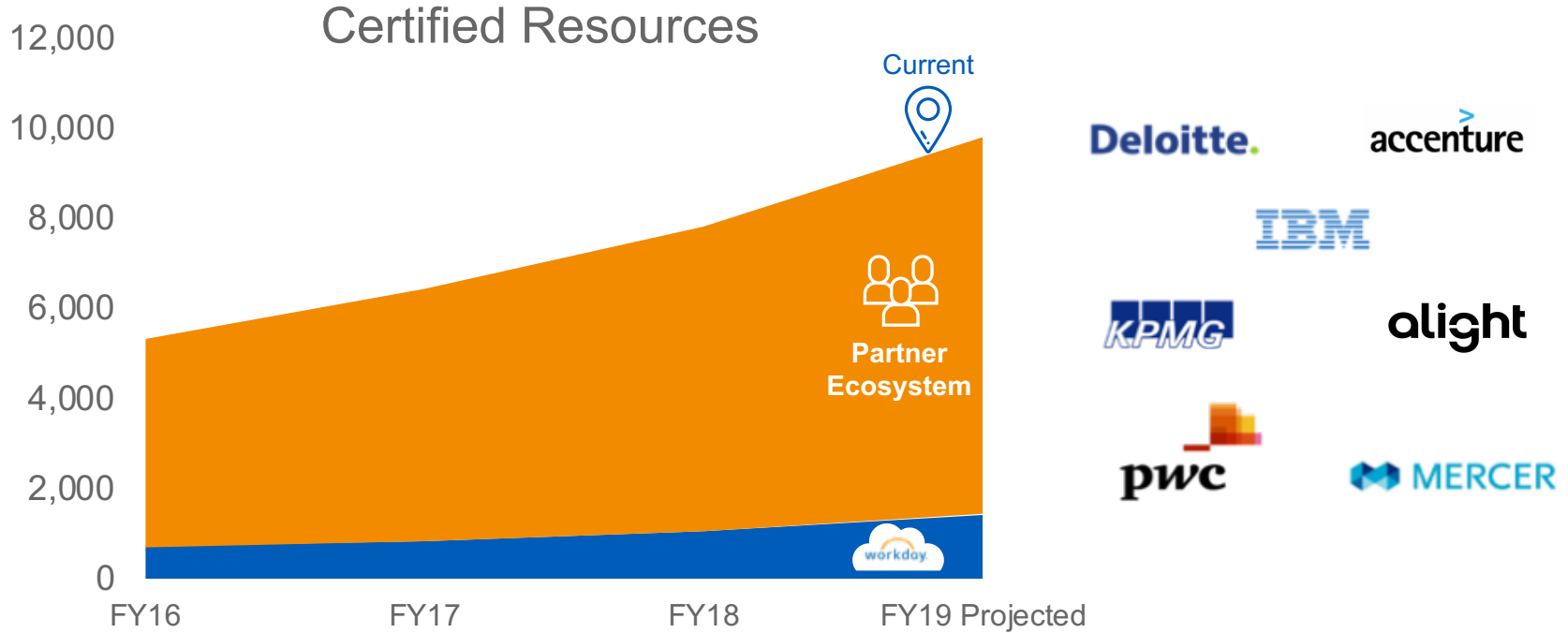
Proven best-practice deployment package



30%+

Reduction in
Hours to Deliver

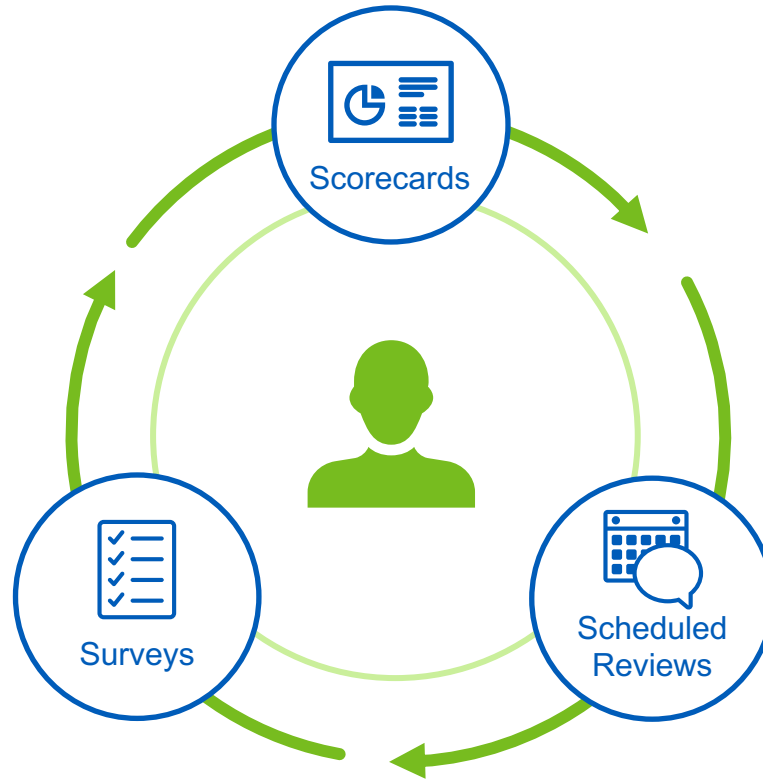
Ecosystem Growth



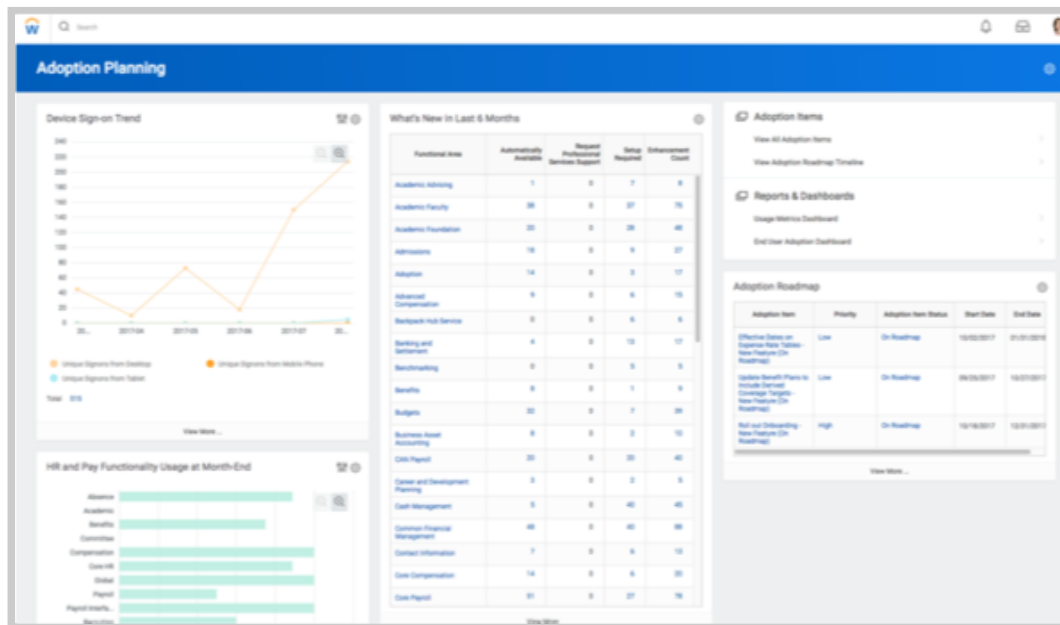
Differentiated Customer Experience



Connected Throughout the Lifecycle



Feature Adoption



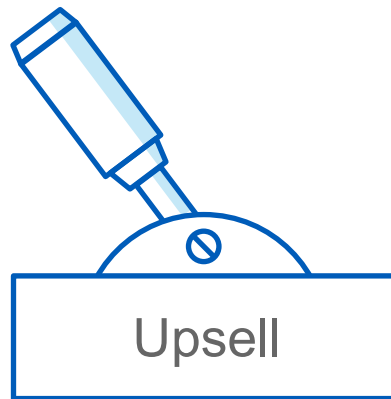
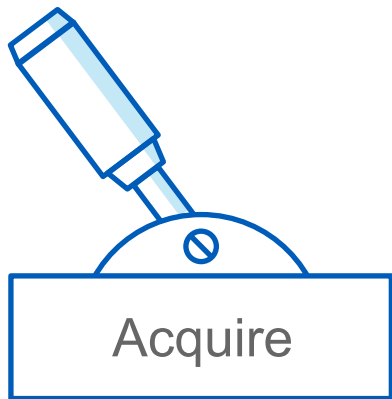
Customer-Centric Culture



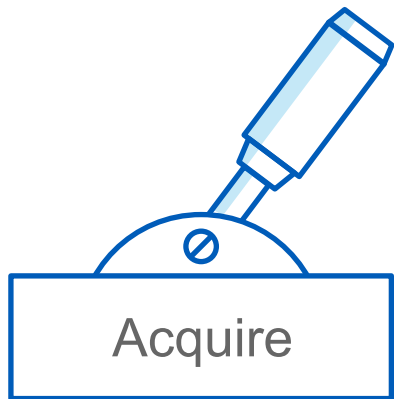
Go-to-Market Growth Levers

Chano Fernandez, Co-President

Primary Growth Levers in Go-to-Market Strategy



Primary Growth Levers in Go-to-Market Strategy



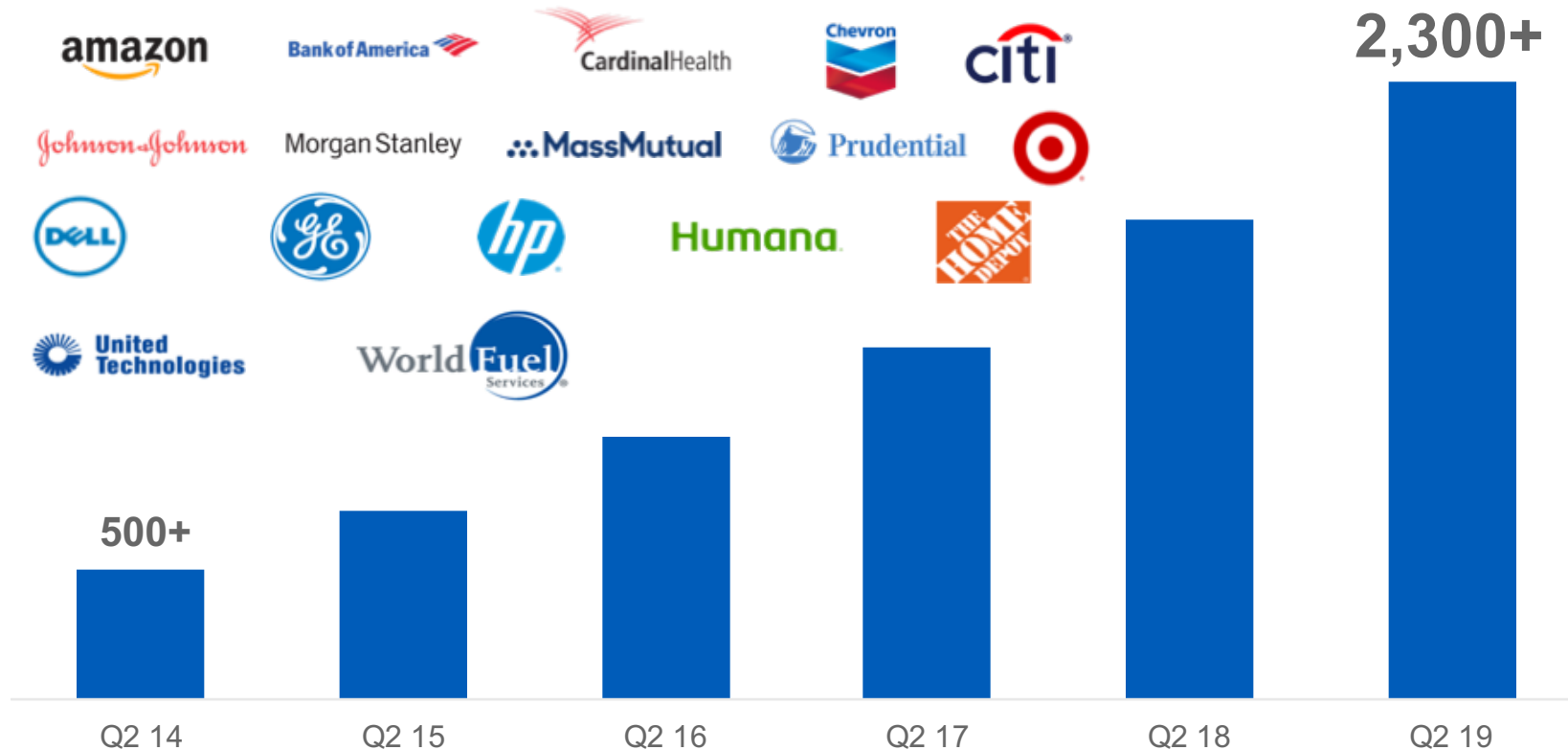
We Are Just Beginning Our Long-term Journey

Total Addressable Customer Segment

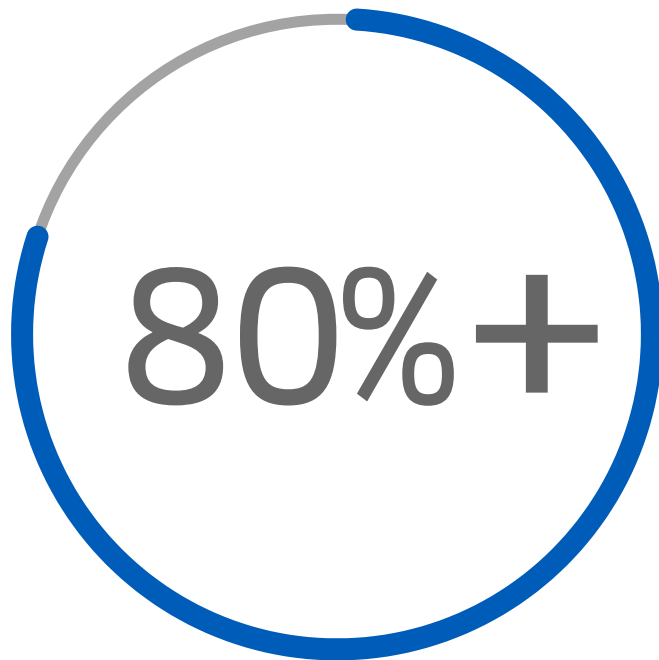
2,300+ Current Customers



New Customers Fuel Growth



New Customers Continue to Drive Net New ACV



Broader Product Portfolio Fuels Growth

Average # of Products Sold to New Customers

3

FY2012

4

FY2015

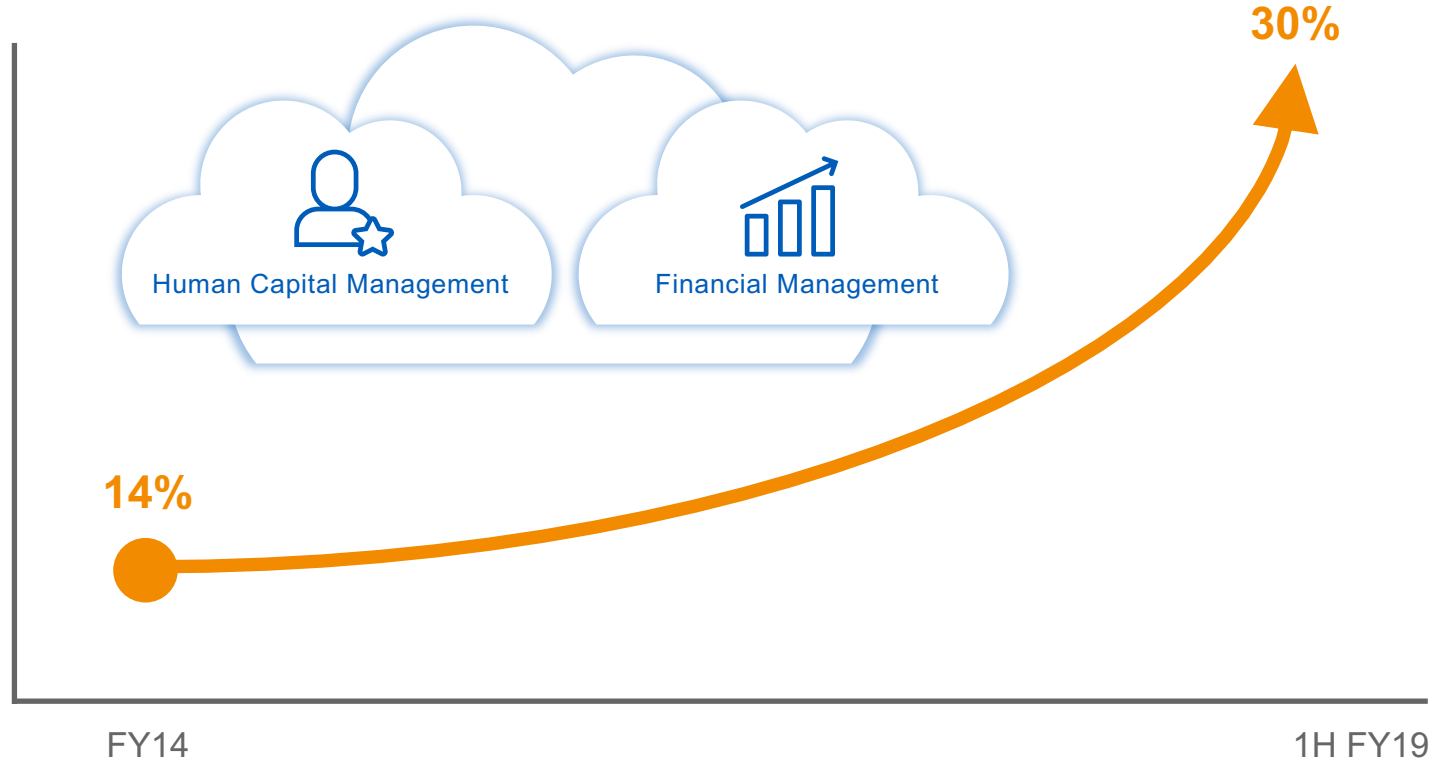
6

FY2018

Accelerating Platform Sales

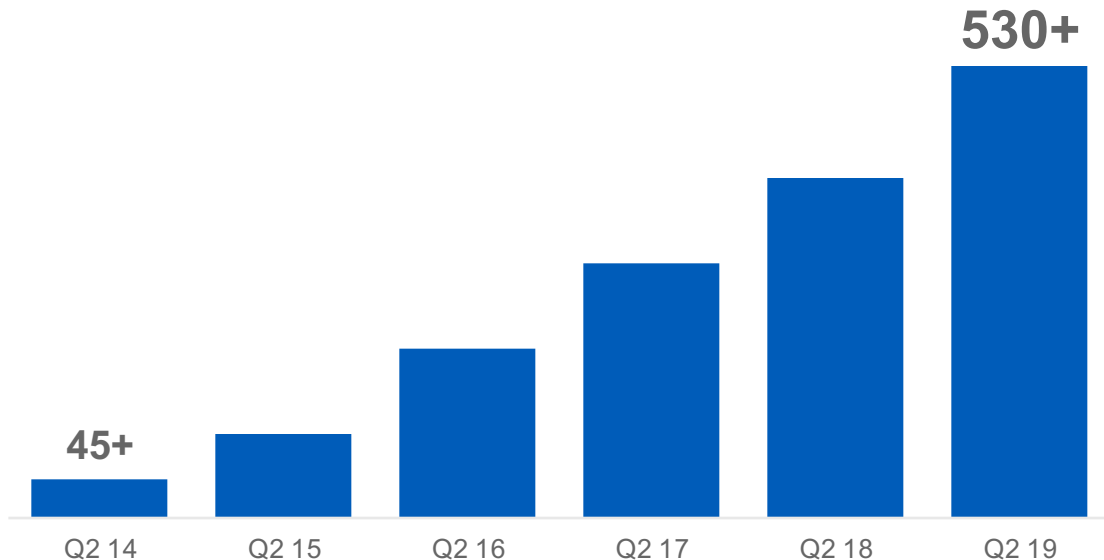


NA only,
Net new
customers



Strong Adoption of Workday Financial Management

Number of Core
Workday Financial Management Customers

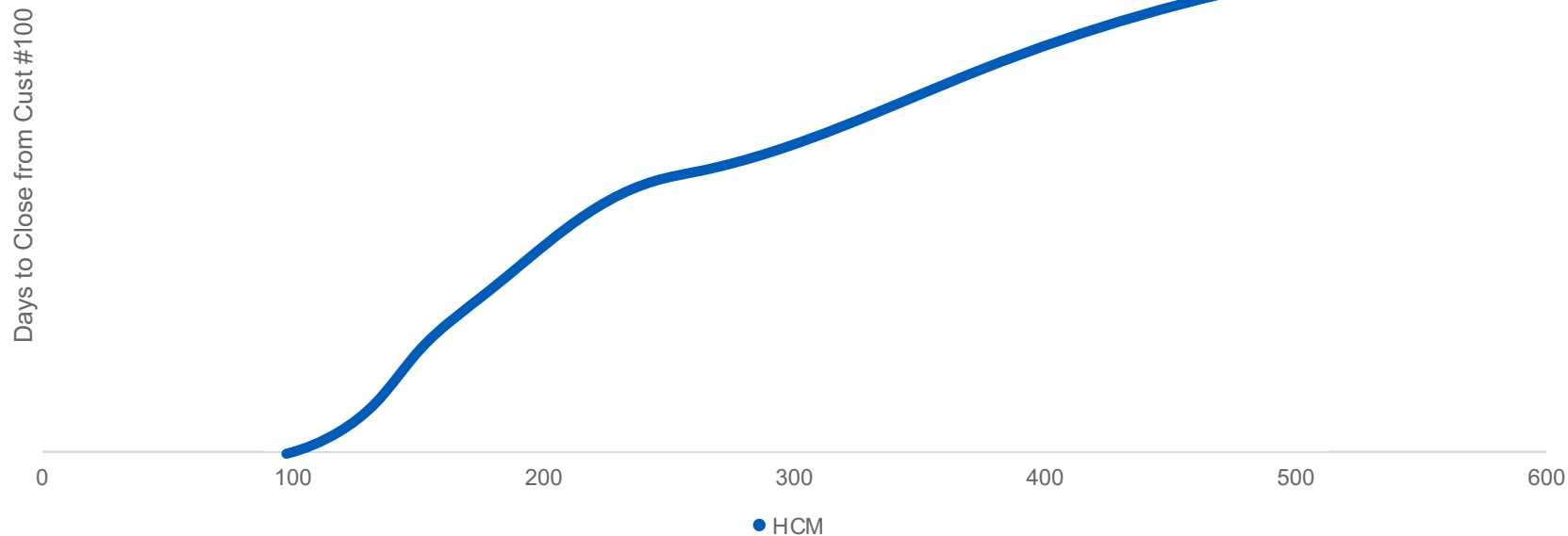


Drivers for Growth

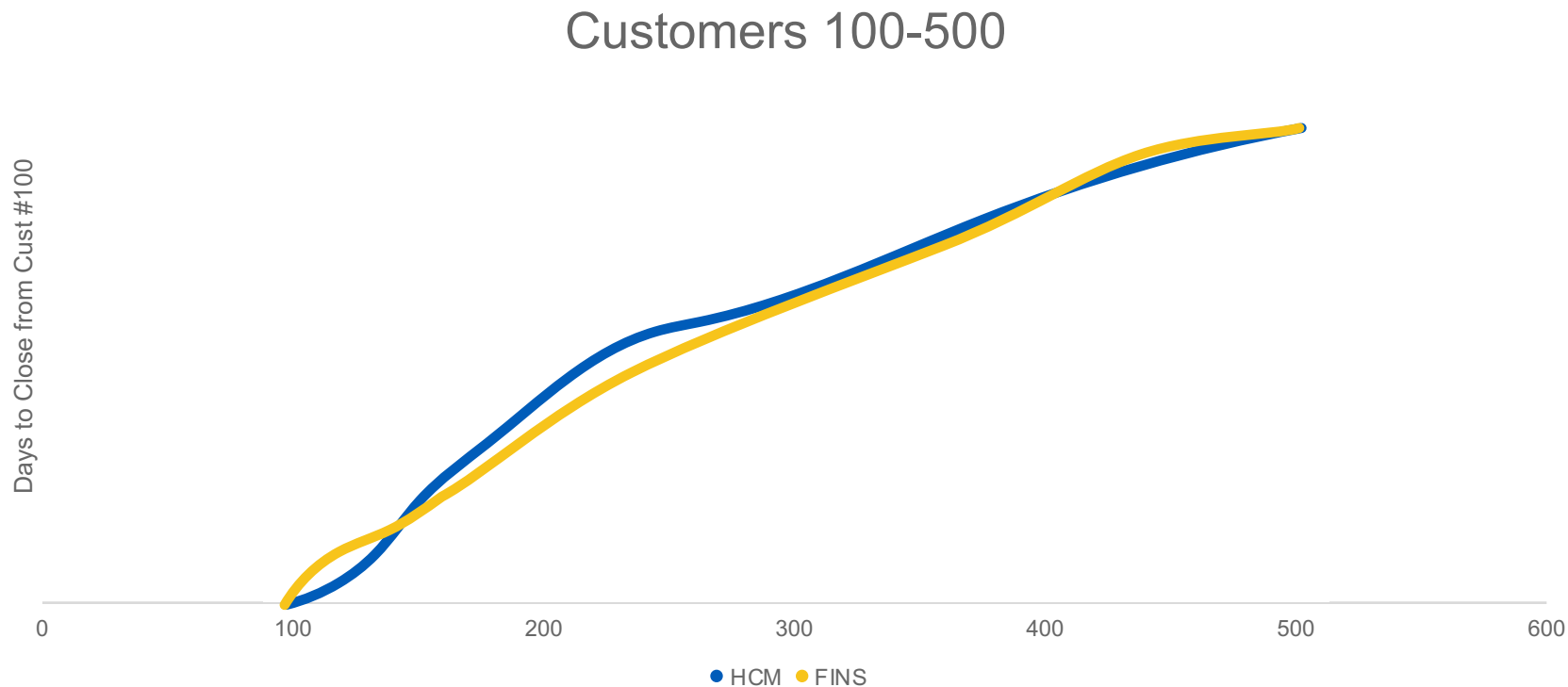
- Consistent customer adoption in the medium enterprise
- Focus on customer success and referenceability as we go up-market
- 9 F500 Financial Management Customers
- Continuous Innovation

HCM Customer Growth Curve

Customers 100-500



Financial Adoption Following Similar HCM Curve



International Growth Remains Strong

Mature SaaS Adoption

- United Kingdom
- Nordics
- Benelux
- Australia
- New Zealand

Emerging SaaS Adoption

- Germany
- Austria
- Switzerland
- ASEAN
- Hong Kong
- Japan
- Italy
- France

Increasing Investments

20+ Sales Offices

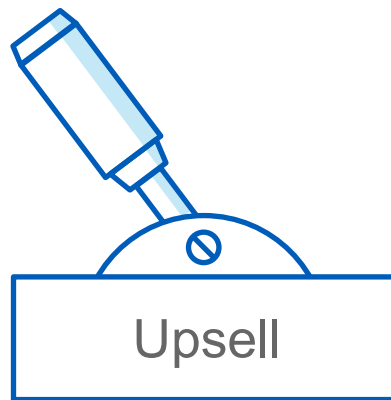
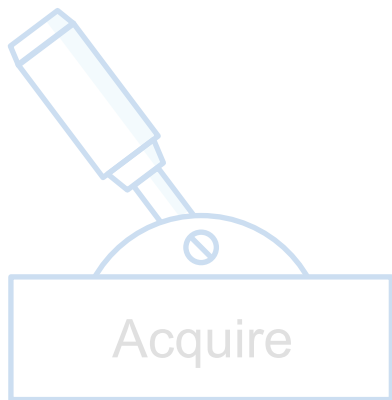
48% Q2 19 Revenue Growth

23% Of Revenue

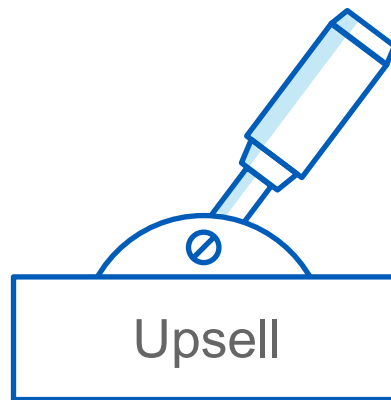
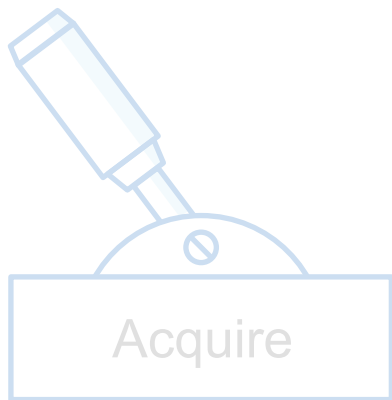
30% New Sales Representatives

500+ Customers

Primary Growth Levers in Go-to-Market Strategy



Primary Growth Levers in Go-to-Market Strategy

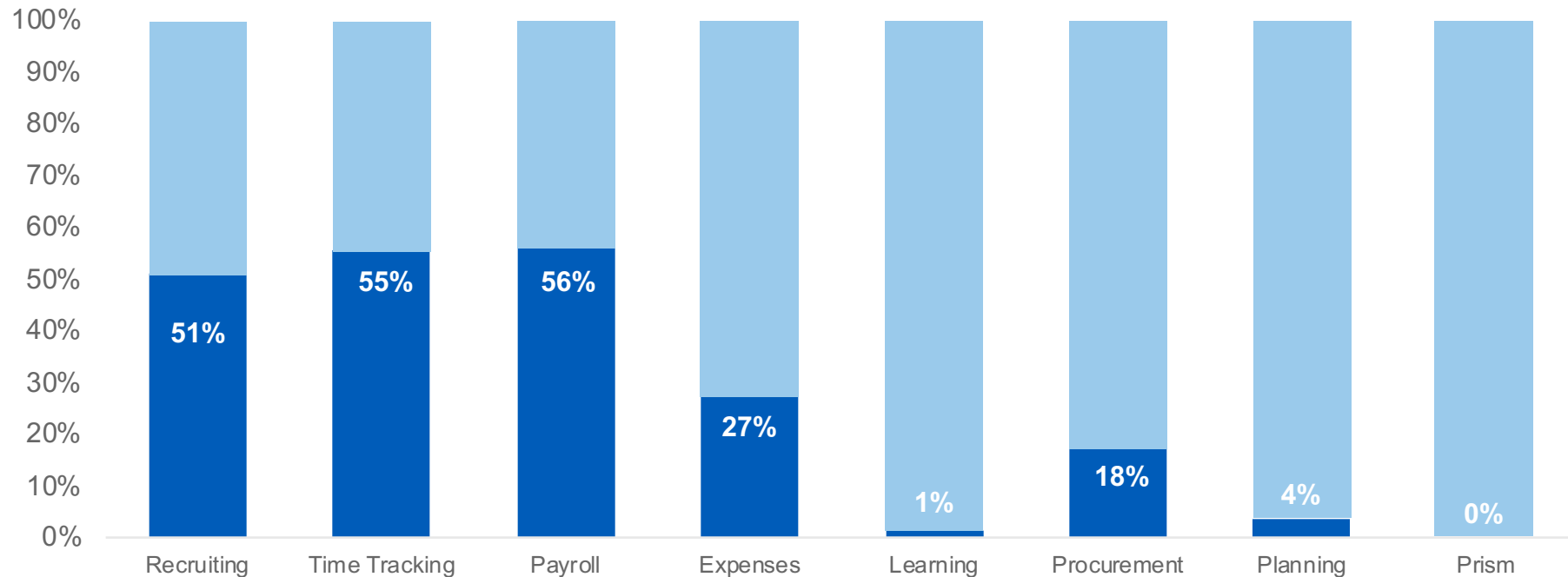


Customer Base is an Important Growth Driver



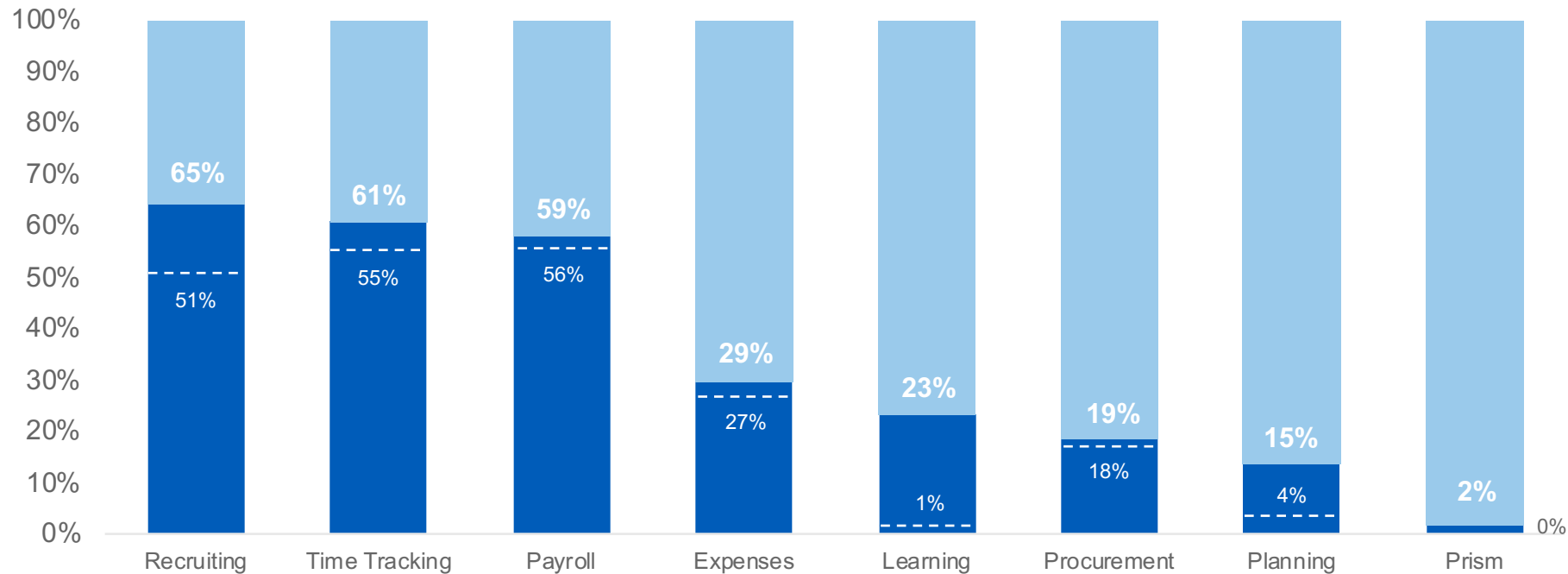
Product-Attach Opportunity Driver of Growth

Q2 17

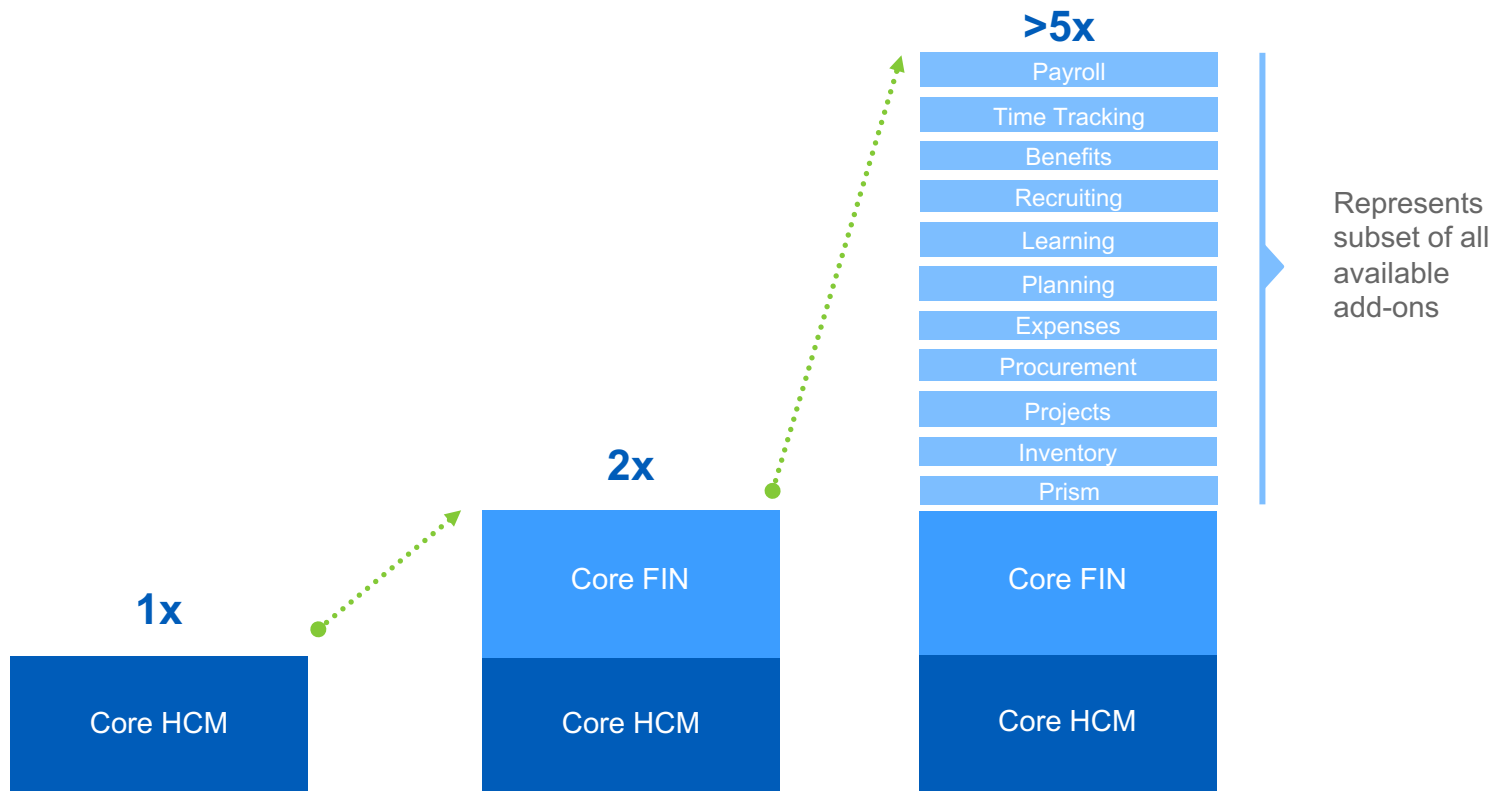


Product-Attach Opportunity Driver of Growth

Q2 19



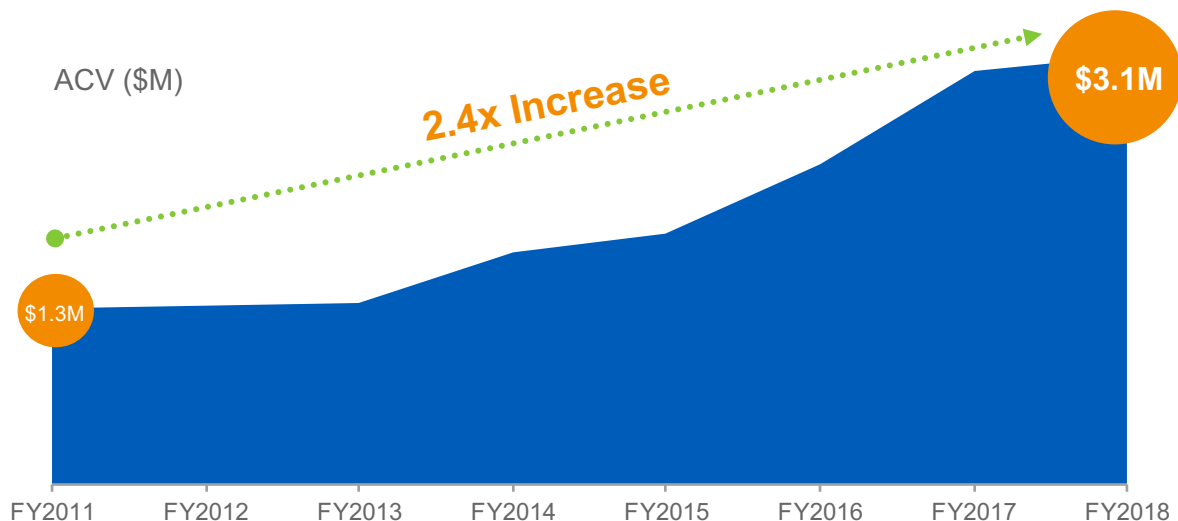
Significant Upsell Opportunity



Land and Expand Case Study

Technology Company

"HR has consolidated the time card and time off tracking solutions into Workday and now uses Workday for employee onboarding in the United States. The **total savings** for talent and performance, time off/time card management, and onboarding is **nearly a million dollars annually**."



Human Capital
Management
2011



Absence
Tracking
2011



Talent
Management
2012



Recruiting
2017



Prism
Analytics
2017



Workday Cloud
Platform
2018

Driving Enduring Growth

Robynne Sisco, Co-President and CFO

Driving Enduring Growth



Market Opportunity



Growth



Compelling, Long-term
Business Model

Driving Enduring Growth



Market Opportunity



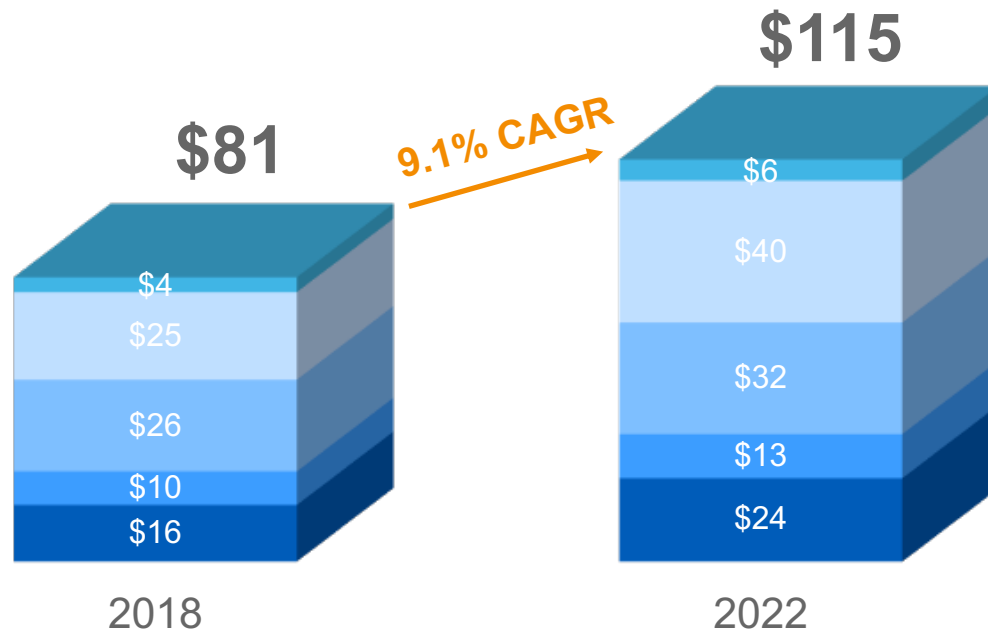
Growth



Compelling, Long-term
Business Model

Market Opportunity Continuing to Expand

In Billions \$



■ HCM ⁽¹⁾

■ Payroll & Projects ⁽²⁾

■ Financials ⁽³⁾

■ Analytics ⁽⁴⁾

■ Planning ⁽⁵⁾

Workday Confidential

⁽¹⁾ Human Capital Management Applications from IDC WW & US HCM & Payroll Applications Forecast, 2018-2022 (June 2018) #US44024818

⁽²⁾ Payroll Applications from IDC WW & US HCM & Payroll Applications Forecast, 2018-2022 (June 2018) #US44024818 and Project & Portfolio Management from IDC WW Project and Portfolio Management Forecast, 2018-2022 (June 2018) #US42652918

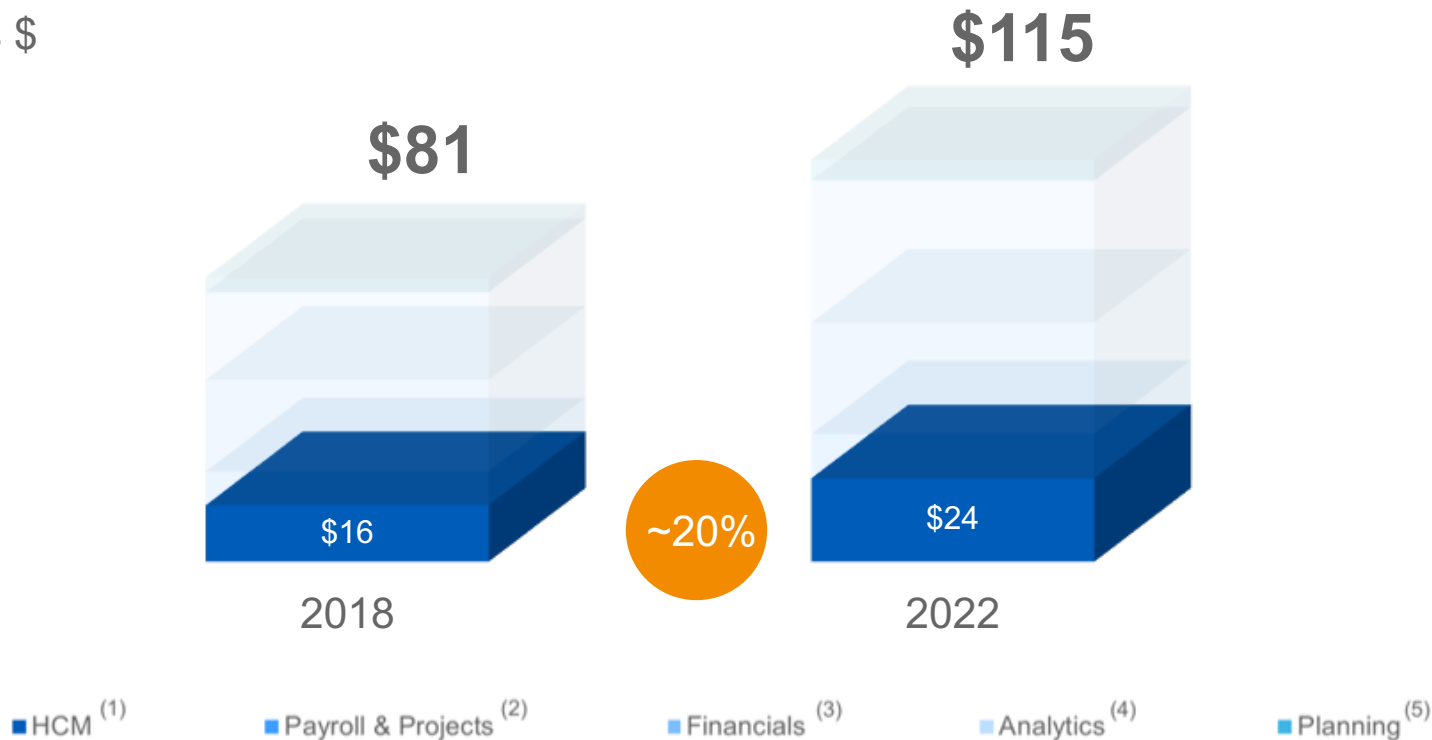
⁽³⁾ Financial Applications from IDC WW Financial Applications Forecast, 2018-2022 (July 2018) #US43266218

⁽⁴⁾ Workforce Analytic Apps + BI & Analytics Tools from IDC WW Big Data and Analytics Software Forecast, 2017-2021 (July 2017) #US42891017. Note that 2022 is an extrapolation based on average of % growth from available forecast.

⁽⁵⁾ Enterprise Performance Management Applications Software from WW Enterprise Performance Management Applications Software Forecast, 2018-2022 (June 2018) #US43265918

With HCM Just 20% of Long-term TAM Story

In Billions \$



Workday Confidential

⁽¹⁾ Human Capital Management Applications from IDC WW & US HCM & Payroll Applications Forecast, 2018-2022 (June 2018) #US44024818

⁽²⁾ Payroll Applications from IDC WW & US HCM & Payroll Applications Forecast, 2018-2022 (June 2018) #US44024818 and Project & Portfolio Management from IDC WW Project and Portfolio Management Forecast, 2018-2022 (June 2018) #US42652918

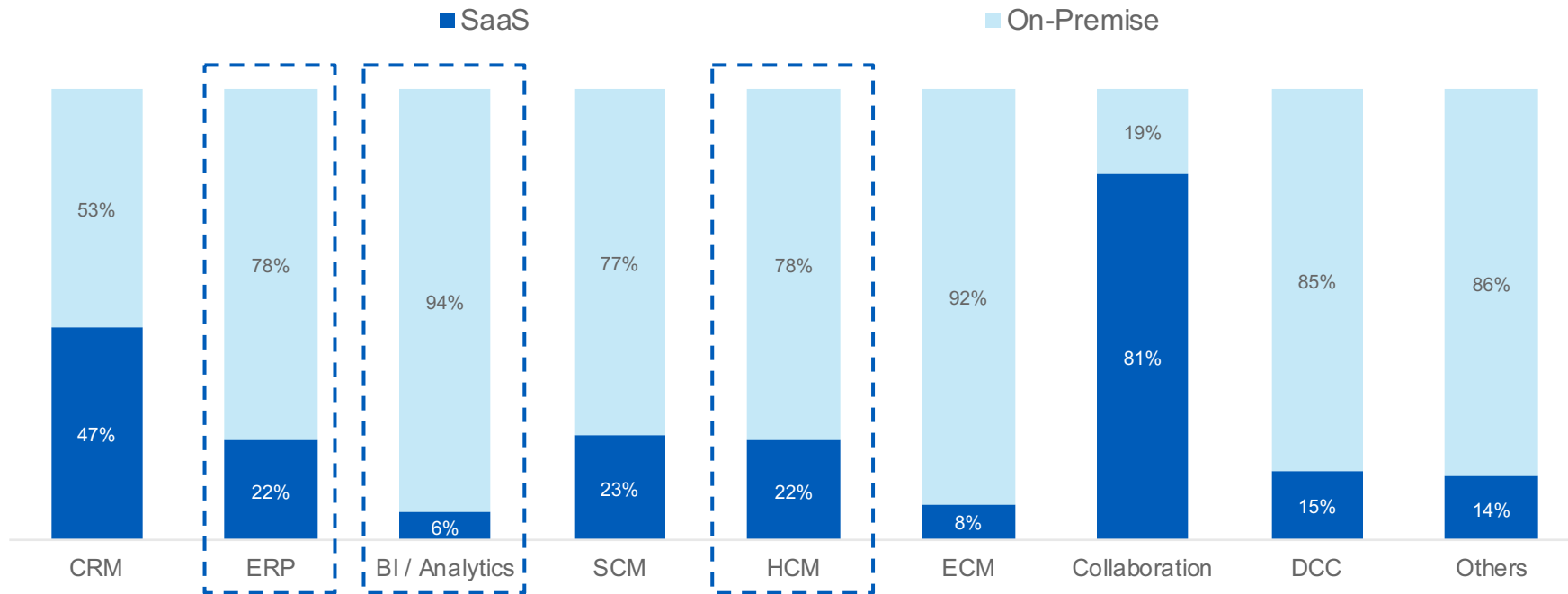
⁽³⁾ Financial Applications from IDC WW Financial Applications Forecast, 2018-2022 (July 2018) #US43266218

⁽⁴⁾ Workforce Analytic Apps + BI & Analytics Tools from IDC WW Big Data and Analytics Software Forecast, 2017-2021 (July 2017) #US42891017. Note that 2022 is an extrapolation based on average of % growth from available forecast.

⁽⁵⁾ Enterprise Performance Management Applications Software from WW Enterprise Performance Management Applications Software Forecast, 2018-2022 (June 2018) #US43265918

Cloud Adoption Still Early Days But Growing Rapidly

Low Cloud Penetration



Workday Confidential

Source: Gartner Forecast: Public Cloud Services Worldwide, 2015 – 2021, as of Q1'17
Market Penetration: IDC: WW Software as a Service and Cloud Software Forecast, 2016-2020, Aug 2016. Morgan Stanley estimates

Driving Enduring Growth



Market Opportunity



Growth



Compelling, Long-term
Business Model

Customer Satisfaction Drives Industry Leading Retention



95%+

Gross Retention Rate ⁽¹⁾



100%+

Net Retention Rate ⁽²⁾

Extending our Leadership Position in HCM



13%

Human Capital Management
Market Growth Rate



2.5x

Workday Human Capital
Management Revenue Growth

...While Taking Share in Financial Management



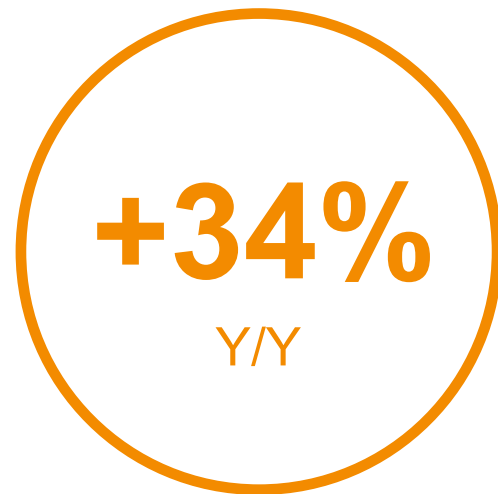
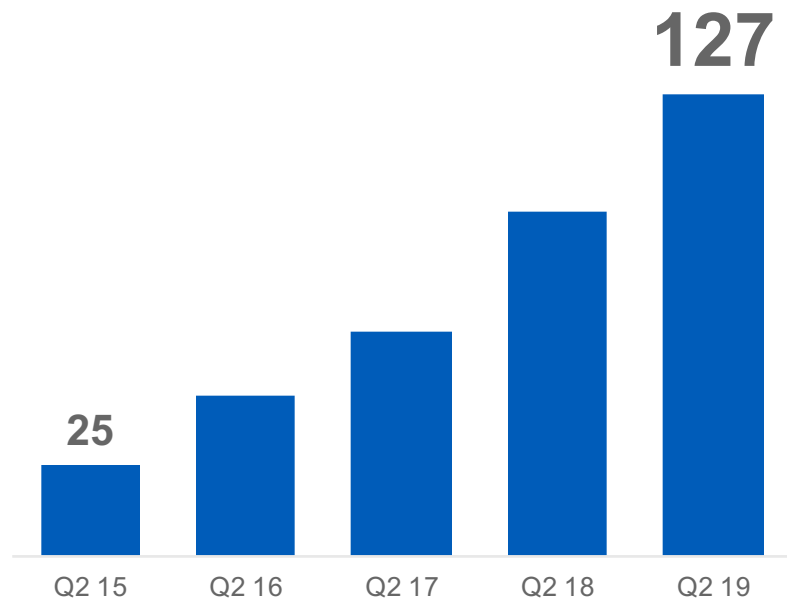
Financial Management
Market Growth Rate



Workday Financial
Management Revenue Growth

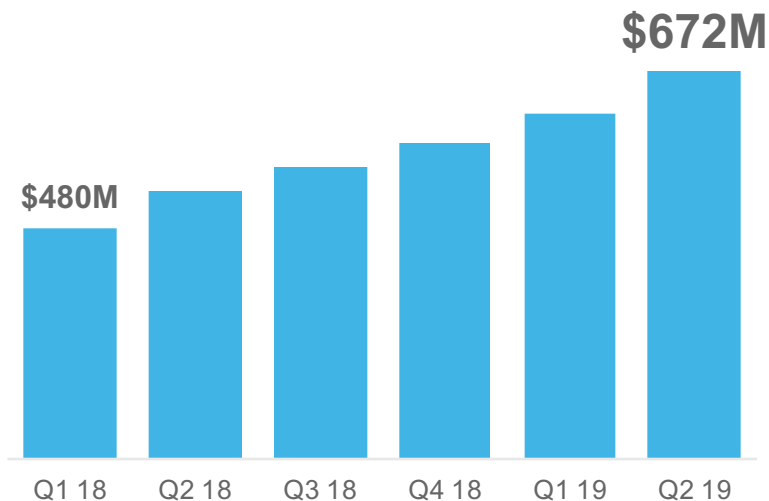
Fueled by Strong Growth in Large Relationships

Customers over \$3M in ACV

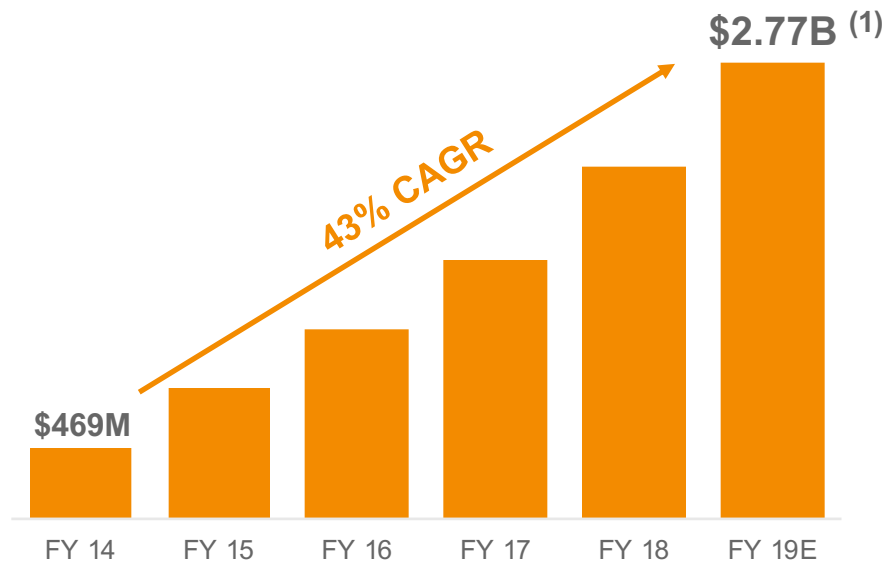


Delivering Growth at Scale

Quarterly Revenue

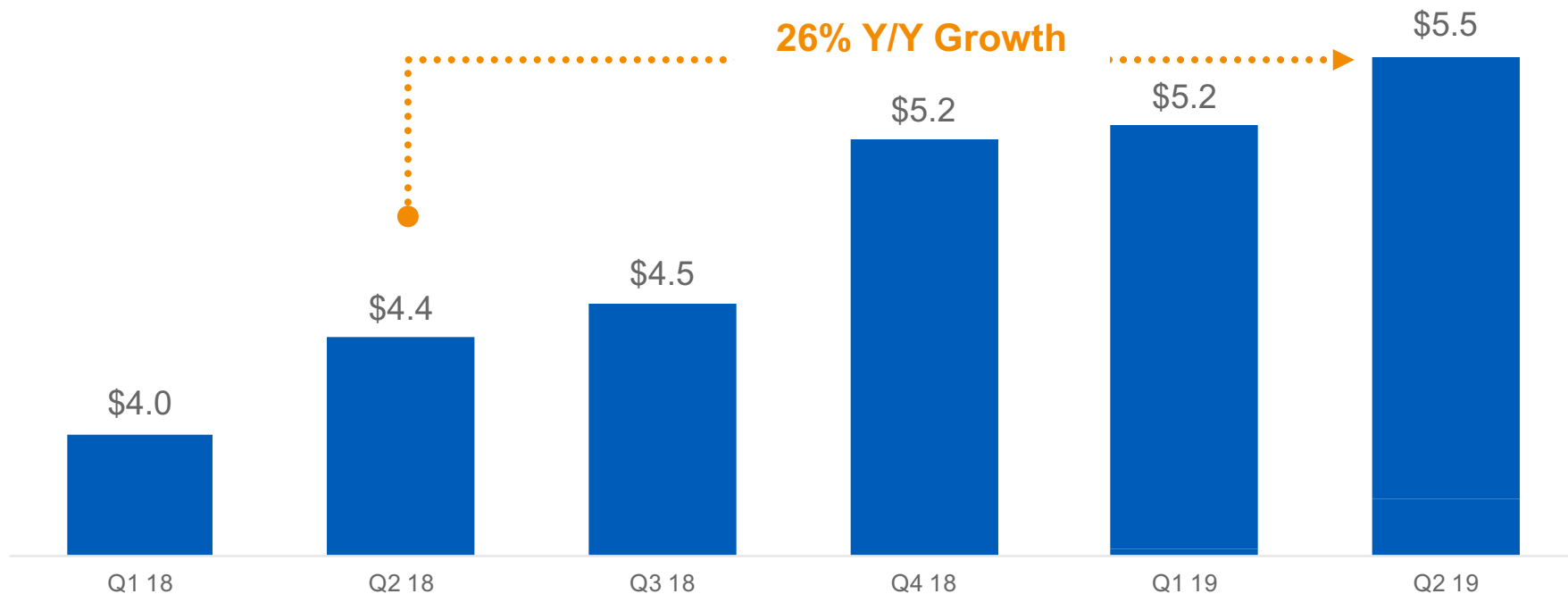


Full Year Revenue



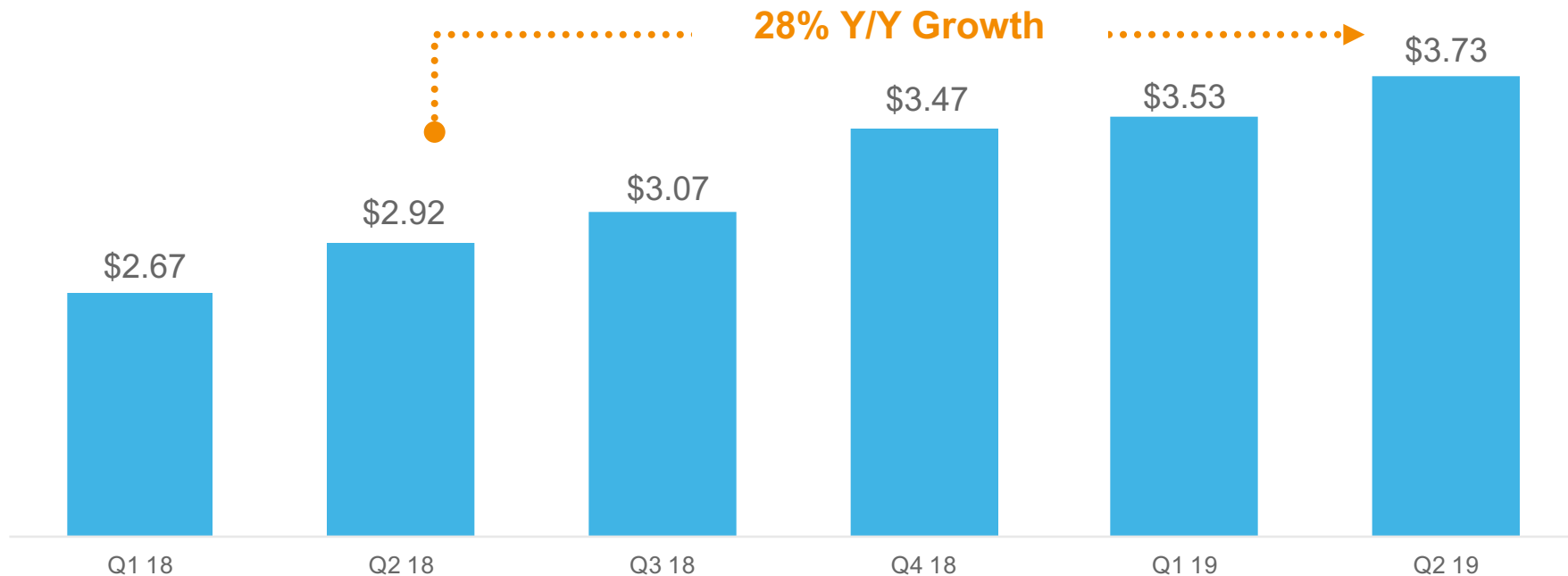
Subscription Revenue Backlog Supports Enduring Growth

In Billions \$

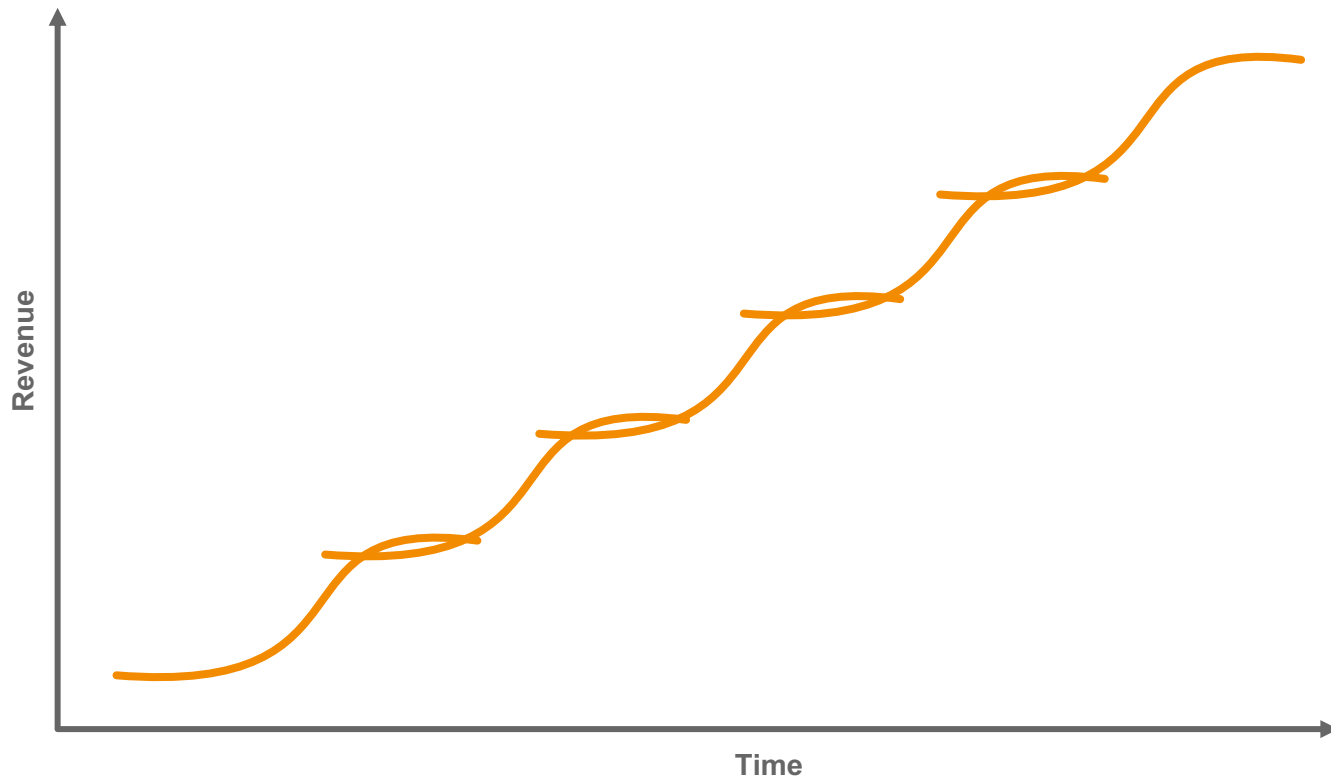


0-24 Month View of Subscription Revenue Backlog

In Billions \$



Multiple Levers to Drive Enduring Growth



- Human Capital Management
- Financial Management
- Growth Outside the U.S.
- Analytics
- Planning
- Data-as-a-Service
- Cloud Platform
- Future Products

Driving Enduring Growth



Market Opportunity



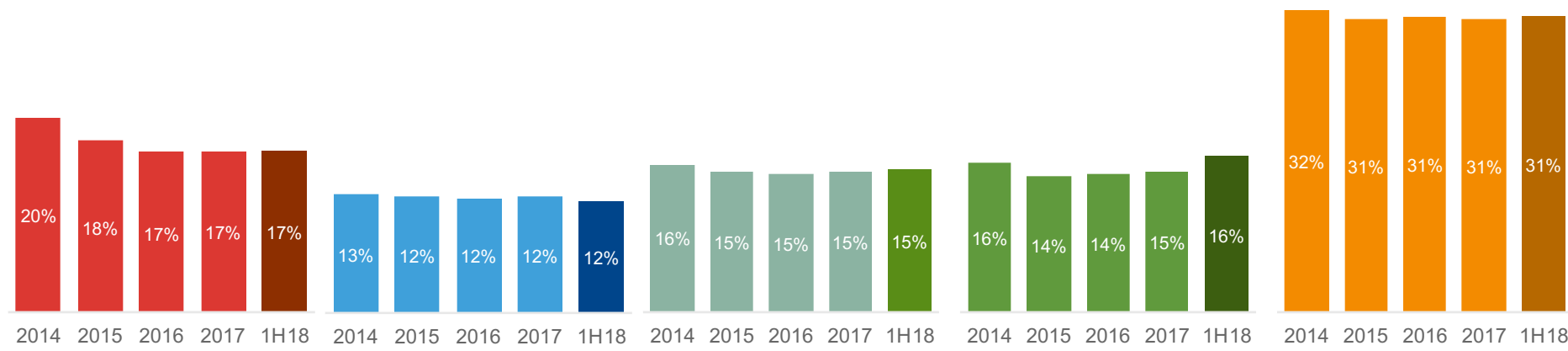
Growth



Compelling, Long-term
Business Model

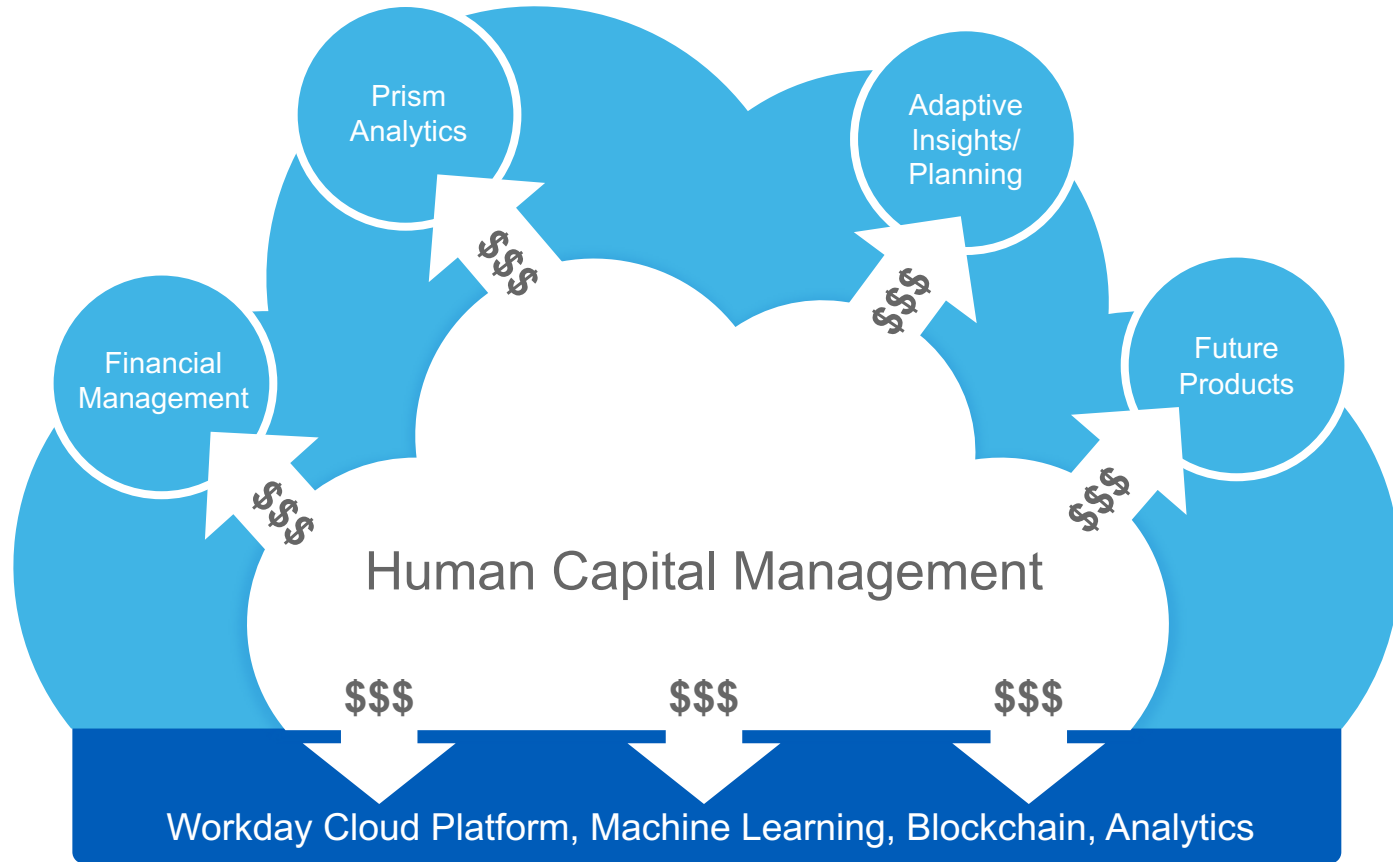
Long-term Growth Opportunity Warrants Investment

Percentage of R&D Spend



Source: Company filings 1) Reflects non-GAAP R&D as reported, and does not include capitalized software costs.
2) Represents GAAP R&D as a percentage of revenue. Non-GAAP adjustments are not broken out by operating expense lines.

Another Way to Look at Investment Strategy



Product Development Investment Fueling Future Growth

Headcount Allocation



20%

**Human Capital
Management**

35%

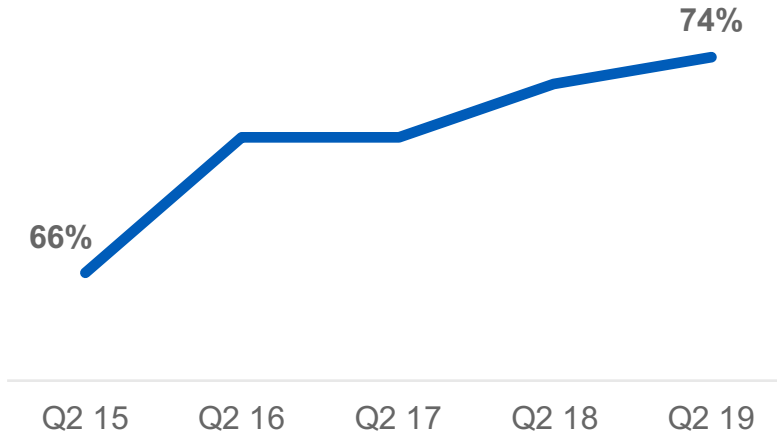
**Financial Management
and Planning**

45%

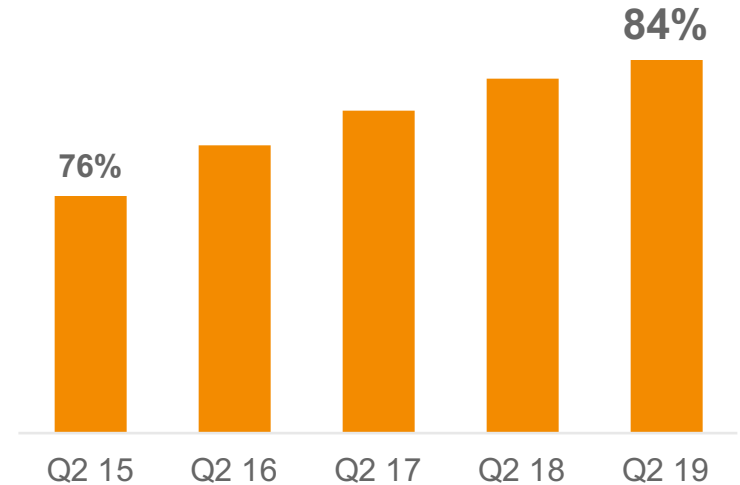
Other Investments
(Machine Learning, Payroll, Prism Analytics,
Cloud Platform, Student, Blockchain, etc.)

Driven by Continued Mix Shift Toward Subscription Revenue

Non-GAAP Gross Margin

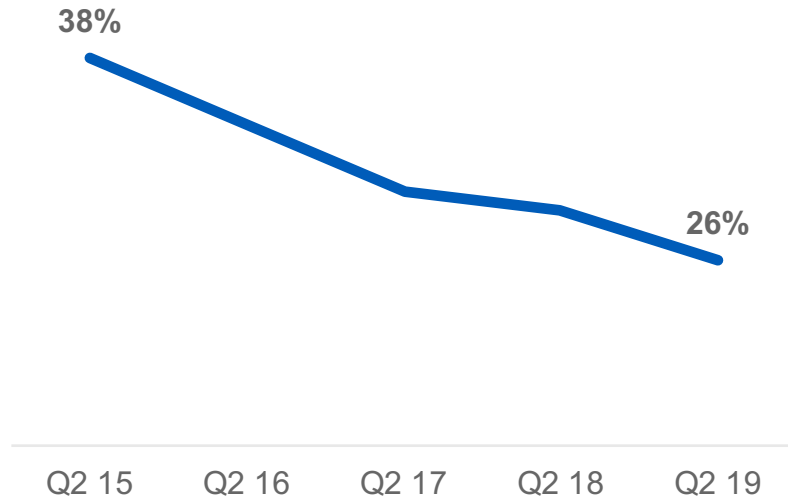


Subscription Revenue as % of
Total Revenue

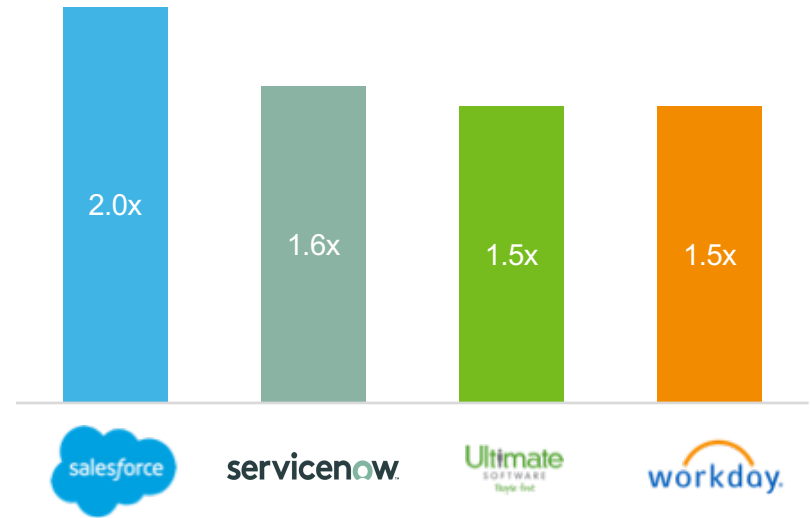


While Maintaining Best in Class CAC Ratio

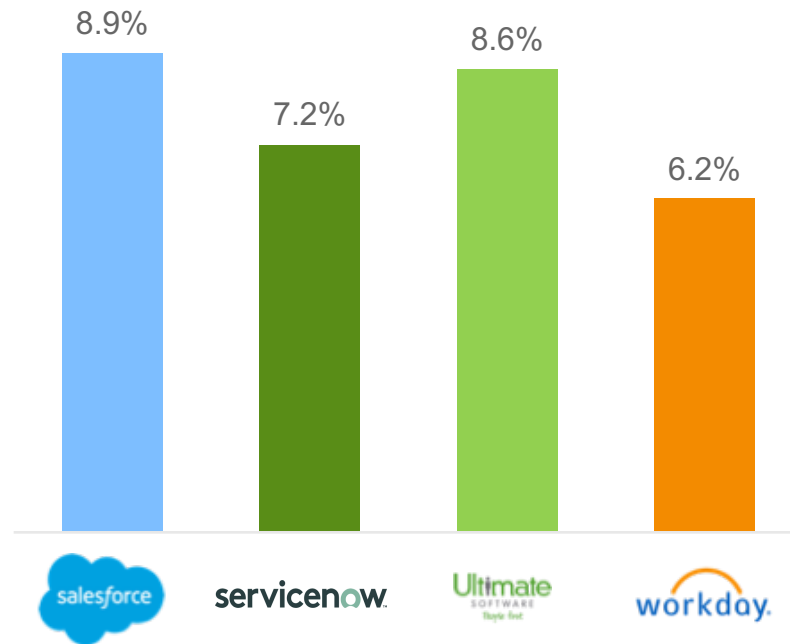
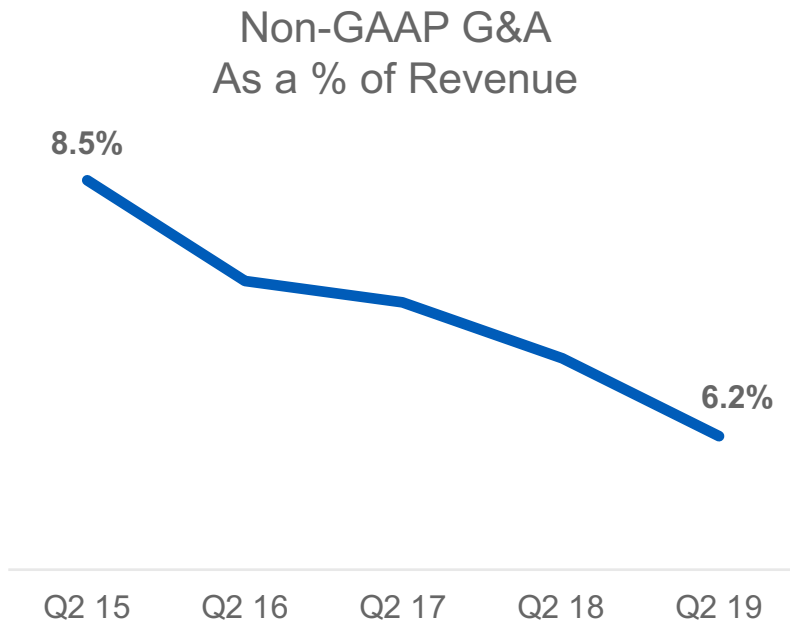
Non-GAAP Sales & Marketing
As a % of Revenue



CAC Ratio



With Unrivaled G&A Ratios



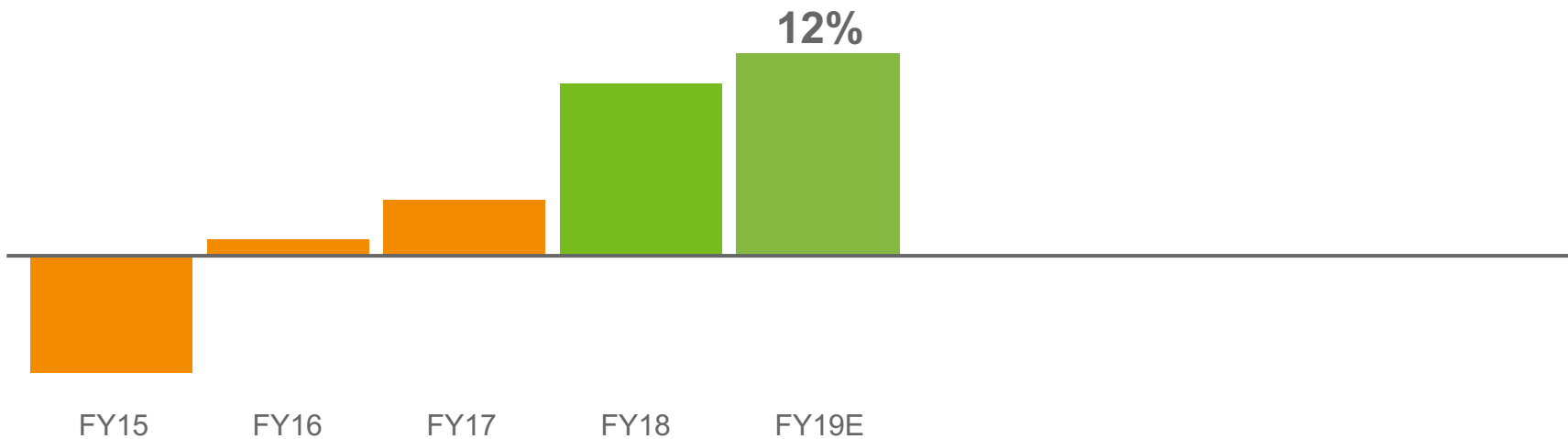
Workday Confidential

Source: Company internal data - non-gaap G&A percentage of revenue calculated on a TTM basis

Source: Company filings

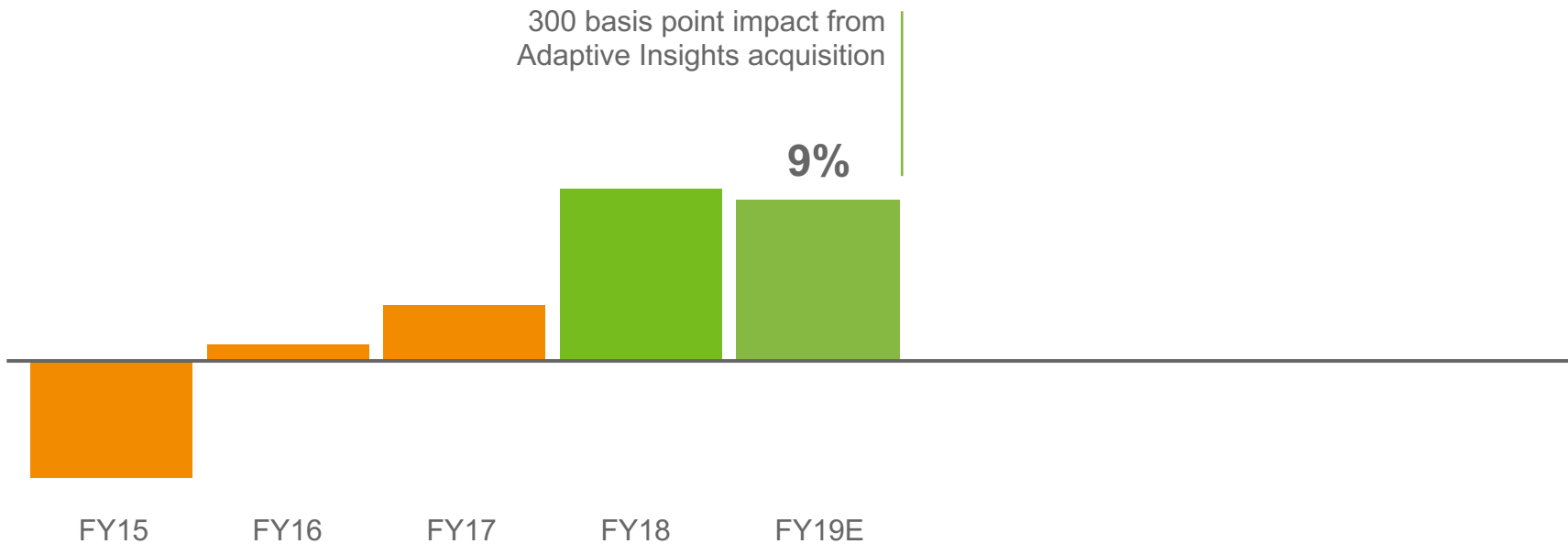
... Results in Consistent Margin Improvement

Non-GAAP Operating Margins



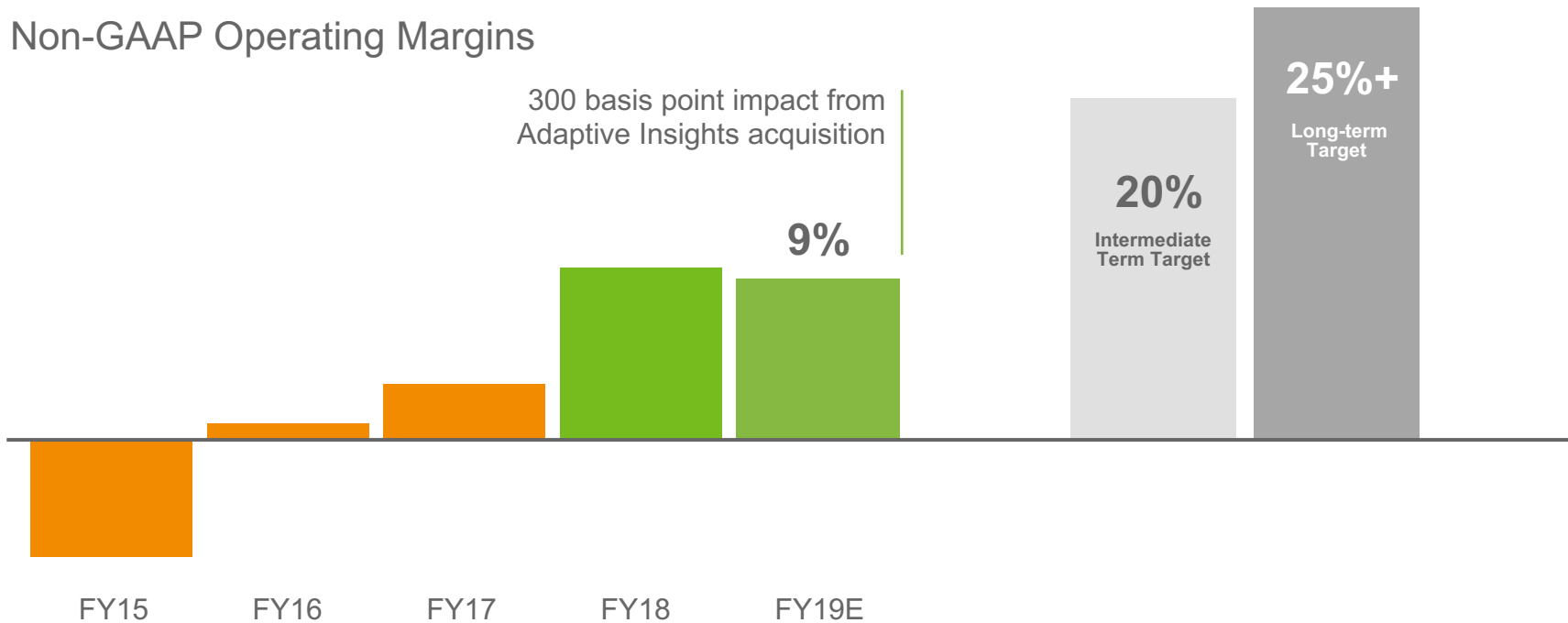
... Results in Consistent Margin Improvement

Non-GAAP Operating Margins



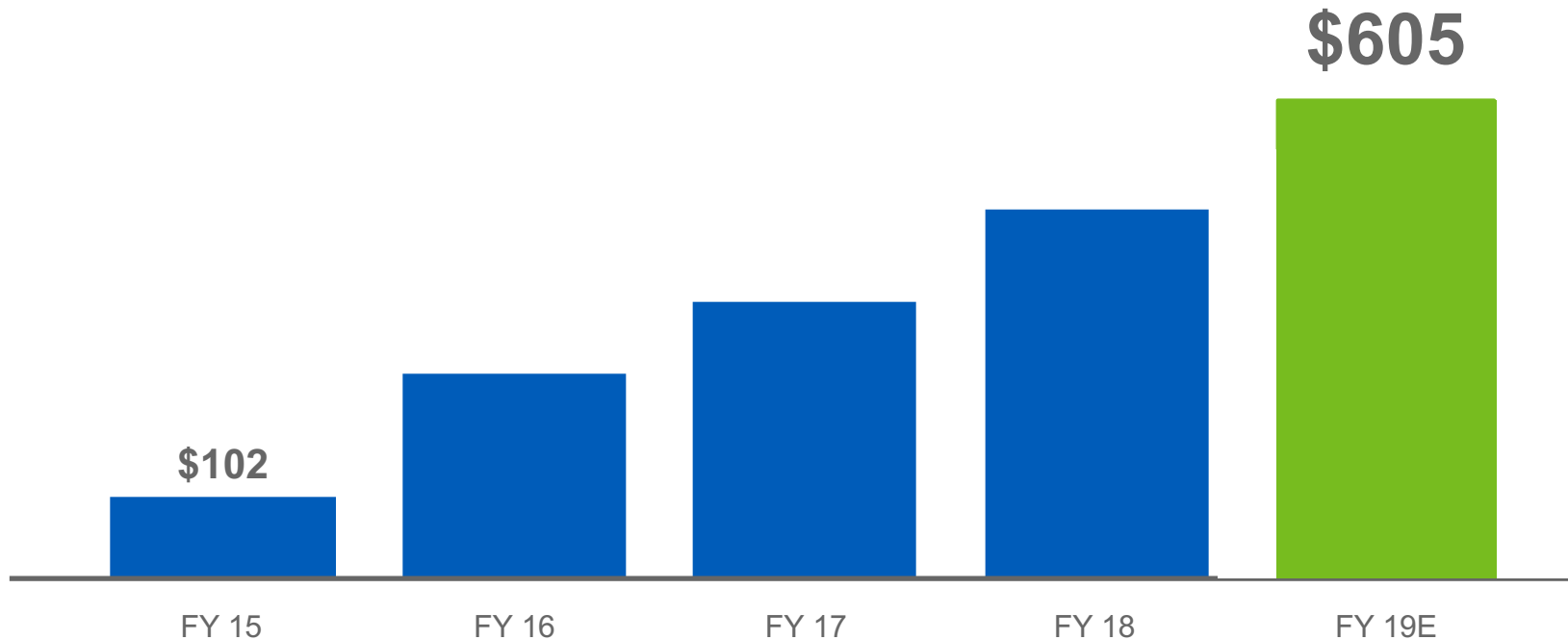
... And Robust Long-term Economic Model

Non-GAAP Operating Margins



With Strong Operating Cash Flow

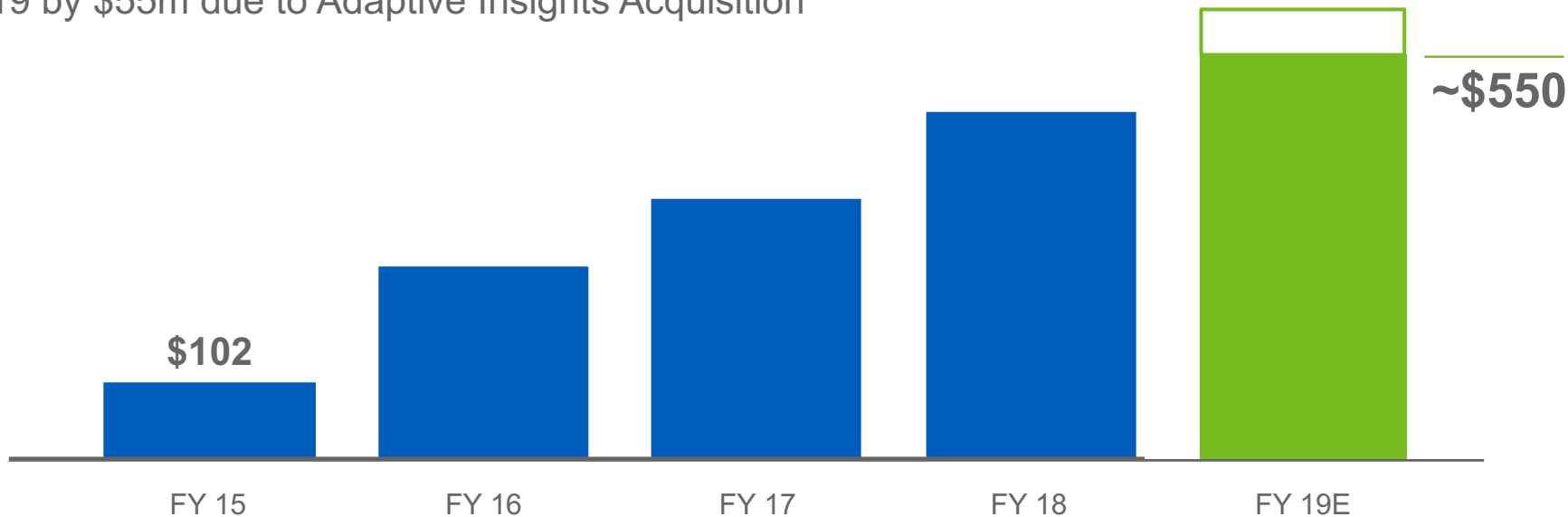
In Millions \$



With Strong Operating Cash Flow

In Millions \$

Operating Cash Flow Impacted in
FY19 by \$55m due to Adaptive Insights Acquisition



Built for the Future

Accelerate Planning Opportunity



Unified Technology Roadmap

Business Planning Cloud

Built for the Future



Business Planning Cloud

Highly Differentiated Platform



Data Drives New Opportunities

Innovation

Built for the Future



Business Planning Cloud

Expanding Ecosystem



Customer Experience



Innovation

Thriving Customers

Built for the Future



Business Planning Cloud

Multiple Growth Levers



Innovation

Highly Efficient Model



Driving Enduring Growth



Customer Experience

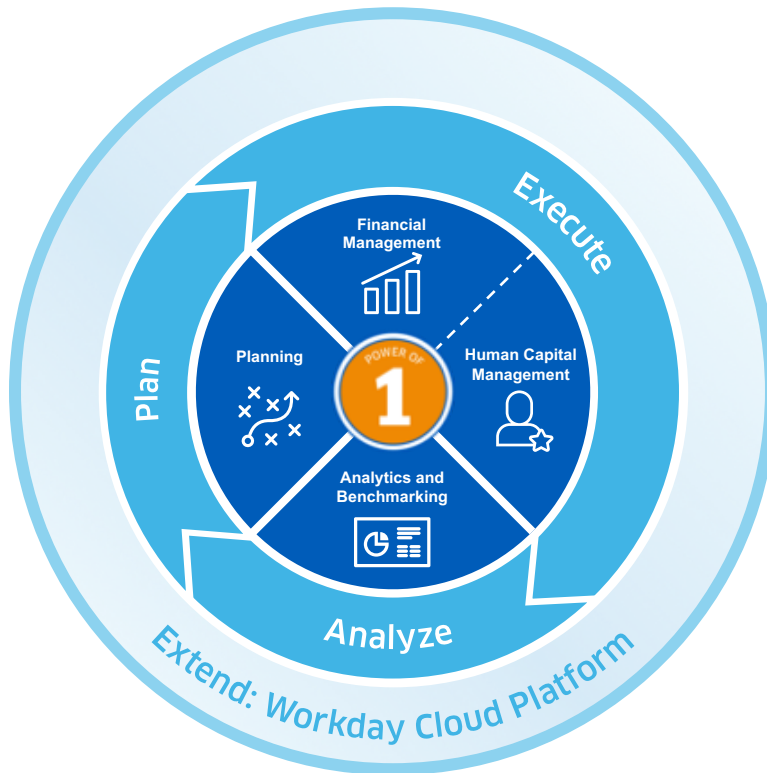
Built for the Future



Business Planning Cloud



Customer Experience



Innovation



Driving Enduring Growth



Q&A



Appendix

Product Development Operating Expense

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY15	FY16	FY17	FY18	H1 FY19
Revenue	787,860	1,156,690	1,574,440	2,143,050	1,290,363
Product Development Expense	316,868	469,944	680,531	910,584	556,424
Expense as % of Revenue	40%	41%	43%	42%	43%
Non-GAAP Adjustments:					
Share-Based Compensation	(63,938)	(109,362)	(166,529)	(229,819)	(143,865)
Other ⁽¹⁾	(3,221)	(7,201)	(18,533)	(23,128)	(12,757)
Product Development Expense (Non-GAAP)	249,709	353,381	495,469	657,637	399,802
Expense as % of Revenue (Non-GAAP)	32%	31%	31%	31%	31%

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

Note: Amounts prior to FY2016 do not reflect the adoption of ASC 606.

Gross Margin

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	Q2 FY15 TTM	Q2 FY16 TTM	Q2 FY17 TTM	Q2 FY18 TTM	Q2 FY19 TTM
Revenue	616,255	971,048	1,348,316	1,858,285	2,428,233
Cost of Revenue	222,443	311,737	430,914	551,971	712,709
Gross Margin %	(64%)	(68%)	(68%)	(70%)	(71%)
Non-GAAP Adjustments:					
Share-Based Compensation	(13,667)	(24,384)	(38,392)	(56,572)	(73,988)
Other ⁽¹⁾	(542)	(1,216)	(1,564)	(2,801)	(17,508)
Cost of Revenue (Non- GAAP)	208,234	286,137	390,958	492,598	621,213
Gross Margin % (Non- GAAP)	66%	71%	71%	73%	74%

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

Note: Amounts prior to FY2016 do not reflect the adoption of ASC 606.

Sales and Marketing Operating Expense

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	Q2 FY15 TTM	Q2 FY16 TTM	Q2 FY17 TTM	Q2 FY18 TTM	Q2 FY19 TTM
Revenue	616,255	971,048	1,348,316	1,858,285	2,428,233
Sales and Marketing Expense	261,549	365,708	479,490	630,470	750,941
Expense as % of Revenue	42%	38%	36%	34%	31%
Non-GAAP Adjustments:					
Share-Based Compensation	(23,412)	(37,334)	(69,876)	(95,485)	(106,640)
Other ⁽¹⁾	(1,011)	(1,868)	(2,321)	(4,319)	(5,386)
Sales and Marketing Expense (Non-GAAP)	237,126	326,506	407,293	530,666	638,915
Expense as % of Revenue (Non-GAAP)	38%	34%	30%	29%	26%

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

Note: Amounts prior to FY2016 do not reflect the adoption of ASC 606.

General and Administrative Operating Expense

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	Q2 FY15 TTM	Q2 FY16 TTM	Q2 FY17 TTM	Q2 FY18 TTM	Q2 FY19 TTM
Revenue	616,255	971,048	1,348,316	1,858,285	2,428,233
General and Administrative Expense	87,216	126,766	166,767	218,136	236,757
Expense as % of Revenue	14%	13%	12%	12%	10%
Non-GAAP Adjustments:					
Share-Based Compensation	(33,353)	(50,938)	(64,919)	(86,229)	(82,478)
Other ⁽¹⁾	(1,430)	(1,947)	(2,728)	(3,639)	(4,140)
General and Administrative Expense (Non-GAAP)	52,433	73,881	99,120	128,268	150,139
Expense as % of Revenue (Non-GAAP)	8.5%	7.6%	7.4%	6.9%	6.2%

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

Note: Amounts prior to FY2016 do not reflect the adoption of ASC 606.

Operating Margin

GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY15	FY16	FY17	FY18
Revenue	787,860	1,156,690	1,574,440	2,143,050
Operating Loss	(215,702)	(249,789)	(353,086)	(303,223)
Operating Margin %	(27%)	(22%)	(22%)	(14%)
Non-GAAP Adjustments:				
Share-Based Compensation	(156,048)	(249,970)	(378,629)	(478,425)
Other ⁽¹⁾	(6,498)	(11,960)	(27,080)	(40,397)
Operating Income (Loss) (Non-GAAP)	(53,156)	12,141	52,623	215,599
Operating Margin % (Non-GAAP)	(6.7%)	1.0%	3.3%	10.1%

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

Note: Amounts prior to FY2016 do not reflect the adoption of ASC 606.