Financial Analyst Day
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.
Welcome

Mark Peek
Co-President
<table>
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<th>Agenda</th>
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<td><strong>Overview</strong></td>
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<td><strong>Planning and Analytics</strong></td>
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| **Competitive Differentiation:**  
  Field  
  Architecture  
  Deployment | Phil Wilmington  
Stan Swete and Dan Beck  
Jim Bozzini and Annrai O’Toole |
| **Financials** | Robynne Sisco |
| **Q&A** | |
Analytics and Planning

Mike Frandsen
EVP
Products, Support and Delivery

Pete Schlampp
VP
Product Management
Workday Strategic Focus

Business Management Solutions
Planning & Analytics
Predict | Alert | Recommend | Trend
Compare & Benchmark | Model

Strategic Enterprise Administration Systems
Strategic HR & FIN Processes

Core Administrative Systems
HR & FIN
Records, Compliance, & Core Processing

Back Office Administrators  |  Employees & Managers  |  Business Users
Financial Planning Priorities

1. Effective planning, budgeting, and forecasting
2. Monitoring and measuring performance
3. Providing input for strategic decision making
4. Managing compliance and internal controls
5. Managing and mitigating business risk
6. Improving revenue growth opportunity identification
7. Driving continuous enterprise cost reduction
8. Processing transactions
9. Managing shareholder information and relations

Planning, budgeting, and forecasting ranked #1

Source: Finance in the Cloud,” Saugatuck Technology, Dec. ’14
Differentiating Through Analytics

- Financial Statements
- Functional & Operational Reporting
- Dashboards
- Scorecards, KPIs, Insights
- Planning, Budgeting, Forecasting
- Data Discovery and Data Prep
What You Need To Manage Your Business

Manage Operational Data, Ad-Hoc Visual Analytics

Planning, Budgeting, & Forecasting

Scorecards

Predictive Analytics

Management Reporting & Analytics

Financial Consolidations

Transactional Applications/Data (HR, Finance, Projects, Student)
Competitive Landscape – Planning

Financial Planning
- Oracle Hyperion
- IBM Cognos
- SAP BPC
- Anaplan
- Adaptive Insights
- SAP Cloud for Planning
- Host Analytics
- Tidemark

Workforce Planning
- PeopleFluent
- SAP SuccessFactors
- VISIER
Planning at the Center of Our $65Bn+ Opportunity

HCM (1) $13Bn+

FINANCIALS (3) $27Bn+

ANALYTICS (4) $19Bn+

Sources:
(1) Human Capital Management Applications from IDC WW HCM & Payroll Applications Forecast, 2016-2020 (May 2016) #US40645216
(2) Payroll Applications from report above and Project & Portfolio Management from IDC WW ERM Applications Forecast, 2016-2020 (June 2016) #US41536815
(3) Financial Applications and Procurement from IDC WW ERM Apps Forecast, 2016-2020 (June 2016) #US41536815 + Inventory and Expenses as per internal Workday estimates

(2016 estimates, newly QA products highlighted in orange)
Use Case Driven Requirements

- Distribution via Desktop, Tablet, Mobile
- Ad-Hoc Visual Analytics Environment
- In-Memory Storage and Query Engine
- Self-Service Data Preparation
- Connection to Non-Workday Datasources and Data Ingestion
- Manage Operational Data, Ad-Hoc Visual Analytics
Analytics on Blended Big Data Sources

Current approaches are cumbersome, insecure, stale, and inactionable
Why Platfora?

- Best in class technology
- Domain expertise in big data, modern BI
- End-to-end big data analytics solution
- Designed for the business user
- Product and vision alignment
Building a Native Experience

- Organize, Find and Search Data Sources in One Location
- Data Security Through Native Organization Hierarchies
- Self-service Data Prep of Workday and non-Workday Data
- Access Data from Any Device and a Single Application
- Speed of Thought Visual Analysis and Discovery
One Location to Organize and Find Data Sources

Easily view and select all of your data for analysis

Workday and Non-Workday data in one location
Understanding and Sharing Data Securely

Govern your data with security inherited from your organizational hierarchies

Provide rich descriptions and see relationships
Blend, transform, and enrich Workday and non-Workday data

Designed for business users, data admins, or citizen data scientists
Access to All Data on Any Device

All data is accessible in detail on any device via Dashboards, Scorecards, and Reports
Ad-hoc visual analysis environment to answer any business question

Innovative in-memory lens technology for fast and interactive analysis

Speed-of-Thought Visual Analysis
Roadmap

Near-term
- Blend Workday and non-Workday Data
- Self-Service Data Preparation + Data Catalog
- Secure and Control non-Workday Data by Organizational Hierarchy
- Output to Reports, Dashboards and Scorecards

Long-term
- Ad-Hoc Visual Analysis
- And More…

Today  29 SEP 2017  30 MAR 2018
Driving Our $65 Billion Opportunity

~$65Bn All Customers, All SKUs

Current Customers
Current SKUs

1,350+

1,350+

Current Customers
Current SKUs

~$1Bn

~$2Bn

Target Customers

33,000

All Customers

All SKUs

~$2Bn

Workday Financial Analyst Day, September 27, 2016
Broad Success Across Industries

Based on # of customers
Expanding International Coverage

- 18+ Sales Offices
- 120+ Sales Representatives
- 17%+ of Revenue
Sales Deployment Changes

- Regions
- Industries
  Specialized Industry Teams
- Products
  Change in Deployment Model
Strong Attach Across Key Products

- RECRUITING: 370+
- EXPENSES: 240+
- PAYROLL: 540+
- PROCUREMENT: 165+
- TIME TRACKING: 510+

FY 16

HUMAN CAPITAL MANAGEMENT

FINANCIAL MANAGEMENT
Strong Attach Across Key Products

FY 17

- RECRUITING: 690+ (370+)
- EXPENSES: 370+ (240+)
- PAYROLL: 760+ (540+)
- PROCUREMENT: 240+ (165+)
- TIME TRACKING: 750+ (510+)
- HUMAN CAPITAL MANAGEMENT
- FINANCIAL MANAGEMENT
- LEARNING: 50+
- PLANNING: 19

Workday Financial Analyst Day, September 27, 2016

34
Have We Reached the Tipping Point in Financials?

“By 2018, **at least 25%** of new core financial application deployments in large enterprises will be public cloud SaaS.”

“Forrester estimates that the market for software-as-a-service (SaaS) applications is currently $52 billion, and it will **grow by 24%** to $65 billion in 2017.”

“Constellation’s recent survey on what ERP customers seek shows how early adopters have **already made the shift** to the cloud.”


Accelerating Platform Sales

NA only – Net new customers

12% to 27%

FY14 to 1H FY17

FINANCIAL MANAGEMENT
HUMAN CAPITAL MANAGEMENT
Workday Replacement Statistics

Oracle: 395+
SAP: 130+
Ultimate / NetSuite: 90+
Payroll Providers: 280+

Workday Financial Analyst Day, September 27, 2016
Strong Competitive Position

Wins Against Competition

Legacy ERP ~ 70%
Other ~ 30%

Why Workday Wins

1. Proven system with 95%+ customer satisfaction
2. Lowest deployment risk with 70%+ customers live
3. Referenceable customer base with quantifiable impact
4. Great ownership experience
5. Lower TCO
Competition: Architecture

Stan Swete
Chief Technology Officer

Dan Beck
SVP
Product Marketing and Technology Strategy
What’s The Difference

We’re all saying the same things

Doing frequent updates
Unified HCM and FIN
Mobile first design for “delightful” user experience
Actionable analytics

Are we all the same?
Finance and HR – A Marriage Made in Cloud Heaven

Eliminate Redundancy and Create Harmony with a Unified Cloud Suite

**One User Experience**
Elegant Simplicity
Experience is consistent as you navigate across cloud services
- No matter what the role, all users have a modern, consumer-like user experience which means effortless user adoption and reduced training costs.

**One Reporting and Analytics Solution**
Complete Perspective, Easily Accessible
Integrated HR and Financial analytics align all levels of the organization
- Embracing the strengths of HR and Finance data delivers cross-functional reporting to give you a competitive advantage.

**One Data Model**
Common Architecture Across Finance & HR
Shared architecture and master data drives standardization
- As employees move throughout an organization, the system knows exactly where that person resides and manages workflows automatically.

**One Industry-Standard Platform**
Grow with Confidence
Common technology framework provides standards for integration, security, social, analytics, and mobile
- As you grow or as your business changes you can be confident that your needs will be met with the market’s most complete cloud solution.

**One Provider**
Committed to Your Success
A complete suite of cloud solutions from a world-class provider offers greater convenience
- Simplified change management accelerates consumption of innovation and extensive account, implementation and support team increases your confidence.

The Ingredients for a Happy Marriage Between Finance & HR

Are you ready? Explore the value of a unified ERP and HCM Cloud

Click here to learn more!
The Power of One

Employee Data

Organizational Data

Payroll Data

HR

ERP

Budgeting

Accounting

Activity

Approvals

Controls

Security

HR data drives crucial enterprise process
## Selected Architectural Differences

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### Workday Financial Analyst Day, September 27, 2016

- **30 Acquisitions (Taleo 9)**
  - **$19Bn**
- **12 Acquisitions (SFSF 5)**
  - **$18Bn**

Workday
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14 Hours / week
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- **Encryption optional and 25% extra**
- **Selective only**
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<td>❌</td>
<td>❌</td>
</tr>
</tbody>
</table>
Selected Architectural Differences

<table>
<thead>
<tr>
<th>Point of Differentiation</th>
<th>Workday</th>
<th>Oracle Fusion</th>
<th>SAP S/4 HANA</th>
<th>SAP Success Factors</th>
<th>Netsuite</th>
<th>Ultimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pure-play cloud</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>2. Metadata and abstraction</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✗</td>
</tr>
<tr>
<td>3. Single codeline</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✗</td>
</tr>
<tr>
<td>4. Generated UI</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>5. Single security model</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>6. Concurrent Read/Write</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>7. Native workflow</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Approvals Only**

8 Workflow engines...+1 = 9 Workflow engines
Why Architecture Matters to Customers

Proven **performance** and scalability:
- With continuous improvement to both

Transactions and **Analytics together**:
- Insight into the business
- Analytics that drive decision-making

**Continuous changes** by the customer:
- To make the software fit the business
- To keep up with changes to the business without getting stuck

Transactions and Analytics together:
- Insight into the business
- Analytics that drive decision-making

Continuous changes by the customer:
- To make the software fit the business
- To keep up with changes to the business without getting stuck
Proven Performance

> 1000 Live Customers
140+ with > 20K employees
Performance Request Volume vs. Response Time

Proven performance and scalability

Workday Financial Analyst Day, September 27, 2016
The Path to Zero Downtime

- Average Update Time: 23 HOURS
- Customers: 330+CUSTOMERS
- Proven performance and scalability
- Customers: 1,350+CUSTOMERS
- Average Update Time: 3.75 HOURS
# Performance: SLA Comparison

<table>
<thead>
<tr>
<th>UPTIME SLA</th>
<th>EXCLUSIONS TO 99.5%</th>
<th>PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.5%</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td>99.5%</td>
<td>5 Days</td>
<td>No</td>
</tr>
<tr>
<td>99.5%</td>
<td>Emergency maintenance Major maintenance 2/yr Data Center Migrations</td>
<td>No</td>
</tr>
<tr>
<td>99.5%</td>
<td>2 Days Track Qtrly</td>
<td>No</td>
</tr>
<tr>
<td>99.5%</td>
<td>Emergency Track Qtrly</td>
<td>No</td>
</tr>
</tbody>
</table>
Questions for the Competition

1. How many live customers do you have running core HCM or Financial Management in the cloud with 20,000 Employees? With 100,000 Employees?

2. Do you have a performance SLA?

3. What is your median transaction response time across all cloud customers?
Why Architecture Matters to Customers

Transactions and Analytics together:
• Insight into the business
• Analytics that drive decision-making

Proven performance and scalability:
• With continuous improvement to both

Continuous changes by the customer:
• To make the software fit the business
• To keep up with changes to the business without getting stuck

Continuous changes by the customer:
• To make the software fit the business
• To keep up with changes to the business without getting stuck
Transactions and Analytics Together

[Image of a Workday Workforce Scorecard dashboard]
Hybrid Transactional / Analytical Processing

Traditional Transactional / Analytical Processing

- Operational Database
- Data Warehouse
- Data Mart
- BI

IMC-Enabled Hybrid Transactional / Analytical Processing

- Transactions
- Analytics

HTAP Application

In-Memory Data Store

Source: Gartner, "Hybrid Transaction/Analytical Processing Will Foster Opportunities for Dramatic Business Innovation," by Massimo Pezzini, Donald Feinberg, Nigel Rayner, Roxane Edjlali, January 28, 2014
Questions for the Competition

1. Can large reports be run on the latest data without blocking updates?

2. Do your analytics use the same security model as your transactions?

3. Can you take action on data in a report?
Why Architecture Matters to Customers

Proven performance and scalability:
• With continuous improvement to both

Transactions and Analytics together:
• Insight into the business
• Analytics that drive decision-making

Continuous changes by the customer:
• To make the software fit the business
• To keep up with changes to the business without getting stuck
Application Changes by Workday

1,350+ CUSTOMERS
All on the same version
Changes Created By Customers

- 3200+ Delivered Reports
- 1.2M Custom Reports
- 460+ Delivered Business Process Definitions
- +262K Custom Business Process Definitions
- 300+ Delivered Integrations
- +160K Total Integrations

Workday Financial Analyst Day, September 27, 2016
“Without Workday I don’t think we’d have been able to accomplish the merging and transition of HR between the two companies in such an efficient way in only 8 weeks.”

“As our organization undergoes significant change, merging with another company, having an agile technology foundation is crucial.”

“AstraZeneca
5 acquisitions in 5 years

“Today, we are able to commit to the business that, on the day the acquisition closes, all acquired employees will be in Workday.”

“9 acquisitions in 5 years”
UI Service Evolution

Continuous change

HTML

Flex

2005

2010

HTML5

Today
## Persistence Evolution

<table>
<thead>
<tr>
<th>Main tenanted data store</th>
<th>Distributed, highly available K/V store</th>
<th>Data from external systems</th>
<th>Large scale data processing, machine learning, Insight applications, External data import processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-traditional schema</td>
<td>Documents, attachments</td>
<td>Big Data processing</td>
<td></td>
</tr>
<tr>
<td>evolved over time</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- MySQL
- Riak
- Hadoop
- Spark
Questions for the Competition

1. Do you have a single data model, workflow engine, and security model across all offerings and all customers?

2. Are all configurations (e.g. custom reports, workflows, integrations) converted to the latest update without customer involvement?

3. Do your customers have to choose between customizations and staying on the current update?
Live, referenceable, successful customers

Power of 1

Workday Financial Analyst Day, September 27, 2016
Competition: Deployment

Jim Bozzini
EVP
Customer Operations

Annrai O’Toole
Chief Technology Officer
Europe
Workday Technology Enables Rapid Deployments

70%+ Live

- Business Process Framework
- Integrations
- User Experience
- Enhanced Tooling
Ecosystem Growth

Certified Resources

Thousands

FY14 FY15 FY16 FY17 (projected)

Workday Financial Analyst Day, September 27, 2016
Commercial Customer Average Time to Live

Based on deployment start date and actual/projected initial go-live

Customers > $3Bn

Customers < $3Bn
Components of a Workday Deployment

- Design
- Build
- Test
- Convert Data
Innovation: Three Elements of Success

**CAPABILITIES**
- Functional
- Total Addressable Market

**USEFULNESS**
- Increase Usage
- Stickiness

**OWNERSHIP**
- Little talked about
- “Underbelly”
Effort Drivers

Data Management
- Transactional Data
- Reference Data

Configuration Management

Tenant Management

It’s like a 1,000,000 piece jigsaw!
Ownership Innovation Objectives

- Reduce overall effort and deployment cost
- Eliminate largest barrier of entry
- Higher win rate
Current State of the Problem

Indicative Cost Ratios

On Premise
Legacy Cloud
Early Workday
Workday Today
Workday Future

- Professional Services
- Software
- HW & SW Infrastructure
- Infrastructure & Operations
- Customer Application Support

10x
1.0x
Approach to Empowering Customer Self-enablement

- Automate repetitive technical tasks
- Friendly data management
- Friendly configuration content management
- Consumer UI
- Instrumentation for observation and diagnostics
What We’ve Done

Comprehensive Tools and Applications

CloudLoader
Customer Data Loading

OX
Configuration Migration

Customer Central
Tenant Building

Prescriptive Implementation Methodologies

Workday Delivered…

Initial Tenant Configuration

Production Tenant

Workday Technology Stack
Big Data Service
Results to Date

Time (in hours)

Pre “tooling” 32
Post “tooling” 1.2

Tasks (number)

Pre “tooling” 183
Post “tooling” 1
Multiple Benefits

New Tooling
Driving down cost & complexity

Consultants
Customers
Built for the future.
Focus Area # 1: Growth
A Different View of Our $65 Billion Opportunity

~$65Bn All Customers, All SKUs

33,000
Target Customers

1,350+
Current Customers

~$1Bn

~$2Bn

Current Customers

Current SKUs

Current Customers

Whitespace

All Customers

All SKUs

Workday Financial Analyst Day, September 27, 2016
Our $65Bn+ Opportunity

HCM\(^{(1)}\) $13Bn+

- **LEARNING**
- **TALENT INSIGHTS**
- **RECRUITING**
- **BENEFITS CONNECT**
- **TIME TRACKING**
- **PAYROLL & PROJECTS\(^{(2)}\) $8Bn+**

ANALYTICS\(^{(4)}\) $19Bn+

- **FINANCIALS\(^{(3)}\) $27Bn+**
  - **HEALTHCARE**
  - **SOFTWARE & TECHNOLOGY**
  - **PROFESSIONAL & BUSINESS SERVICES**
  - **FINANCIAL SERVICES**
  - **EDUCATION & GOVERNMENT**
  - **INVENTORY**
  - **EXPENSES**
  - **PROCUREMENT**

FINANCIALS\(^{(3)}\) $27Bn+

- **STUDENT $1Bn+**

Sources:
(1) Human Capital Management Applications from IDC WW HCM & Payroll Applications Forecast, 2016-2020 (May 2016) #US40645216
(2) Payroll Applications from report above and Project & Portfolio Management from IDC WW ERM Applications Forecast, 2016-2020 (June 2016) #US41536815
(3) Financial Applications and Procurement from IDC WW ERM Apps Forecast, 2016-2020 (June 2016) #US41536815 + Inventory and Expenses as per internal Workday estimates

(2016 estimates, newly GA products highlighted in orange)
Our $65Bn Opportunity in Context

The largest segment in cloud enterprise software...  

...A small fraction of IT spending

Source: IDC 2016


IaaS + SaaS Growing >40%

$1.3 Trillion
Significant Expansion Opportunity Beyond Core

- Core HCM
- Core FIN
- Inventory
- Procurement
- Expenses
- Recruitment
- Learning
- Planning
- Payroll
- Time Tracking
- Benefits

$1.00
$2.00
$4.00+

Represents Sub-set of all available add-ons
Demonstrated Strong Attach Rates

- Payroll
- Time Tracking
- Recruiting
- Projects

FY 12  |  FY 13  |  FY 14  |  FY 15  |  FY 16

0%  |  10%  |  20%  |  30%  |  40%  |  50%  |  60%
Delivering Growth at Scale

TTM Subscription Revenue Growth

- Q2 FY13: $132M
- Q2 FY14
- Q2 FY15
- Q2 FY16
- Q2 FY17: $1,091M

TTM Subscription Billings Growth

- Q2 FY13: $236M
- Q2 FY14
- Q2 FY15
- Q2 FY16
- Q2 FY17: $1,387M

70% 4-Yr CAGR
56% 4-Yr CAGR
Focus Area # 2: Predictability
Eight Consecutive Quarters of 100%+ $ Renewal

- Q3 15
- Q4 15
- Q1 16
- Q2 16
- Q3 16
- Q4 16
- Q1 17
- Q2 17

8% of billings

10% of billings
Unearned Revenue and Backlog Supports Visibility

Backlog
ST Unearned Revenue
LT Unearned Revenue

FY 13
FY 14
FY 15
FY 16

$0.7Bn

$2.5Bn

50%+ 3-Yr CAGR
Focus Area # 3: Profitability
Efficient Customer Acquisition

CAC (GAAP TTM Average)

- NetSuite: 2.6x
- Salesforce: 2.4x
- ServiceNow: 1.6x
- Ultimate Software: 1.5x
- Workday: 1.4x

Strong Lifetime Value

$1 ARR > $9 LTV
Gross Margin (Non-GAAP)

Subscription Gross Margin %

- FY 13: 79.7%
- FY 14: 81.1%
- FY 15: 84.3%
- FY 16: 85.2%
- 1H FY 17: 84.5%

Services Gross Margin %

- FY 13: 8.8%
- FY 14: 11.0%
- FY 15: 14.6%
- FY 16: 12.4%
- 1H FY 17: 16.8%
Demonstrating Leverage at Scale

Non-GAAP TTM Operating Margin Scaling with Growth

Strong Momentum in TTM Operating Cash Flows

Q2 FY13 Q2 FY14 Q2 FY15 Q2 FY16 Q2 FY17

$2M $319M

40+ Point Improvement

237% 4-Yr CAGR

41% 1%
### Strong Balance Sheet (As of 7/31/16)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Marketable Securities</td>
<td>$2.1</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$0.3</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$0.4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2.8</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$0.2</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>$1.0</td>
</tr>
<tr>
<td>Convertible Notes</td>
<td>$0.5</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$1.7</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Stockholders’ Equity</strong></td>
<td>$1.1</td>
</tr>
</tbody>
</table>
### Long-Term Model (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>Today 1HFY2017</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Margin</strong></td>
<td>52%</td>
<td>72%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>S&amp;M as % of Revenue</strong></td>
<td>52%</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td><strong>Product Development as % of Revenue</strong></td>
<td>45%</td>
<td>31%+</td>
<td></td>
</tr>
<tr>
<td><strong>G&amp;A as % of Revenue</strong></td>
<td>10%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>(55%)</td>
<td>2%+</td>
<td>20%+</td>
</tr>
</tbody>
</table>

- Increases by **20%** compared to FY12 for Gross Margin and S&M.
- Increases by **57%** compared to FY12 for Product Development.
- Increases by **3%** compared to Today 1HFY2017 for S&M.
- Increases by **18%** compared to Today 1HFY2017 for Operating Margin.

Workday Financial Analyst Day, September 27, 2016
## Subscription Services Gross Margin
### GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>H1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription Services Revenue</td>
<td>190,320</td>
<td>354,169</td>
<td>613,328</td>
<td>929,234</td>
<td>586,231</td>
</tr>
<tr>
<td>Cost of Subscription Services</td>
<td>39,251</td>
<td>69,195</td>
<td>102,476</td>
<td>149,869</td>
<td>100,579</td>
</tr>
<tr>
<td>Subscription Services Gross Margin %</td>
<td>79%</td>
<td>80%</td>
<td>83%</td>
<td>84%</td>
<td>83%</td>
</tr>
<tr>
<td>Non-GAAP Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(601)</td>
<td>(2,408)</td>
<td>(6,053)</td>
<td>(12,060)</td>
<td>(9,365)</td>
</tr>
<tr>
<td>Other(1)</td>
<td>0</td>
<td>(17)</td>
<td>(204)</td>
<td>(414)</td>
<td>(452)</td>
</tr>
<tr>
<td>Cost of Subscription Services (Non-GAAP)</td>
<td>38,650</td>
<td>66,770</td>
<td>96,219</td>
<td>137,395</td>
<td>90,762</td>
</tr>
<tr>
<td>Subscription Services Gross Margin % (Non- GAAP)</td>
<td>80%</td>
<td>81%</td>
<td>84%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets
## Professional Services Gross Margin
### GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>H1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Professional Services Revenue</strong></td>
<td>83,337</td>
<td>114,769</td>
<td>174,532</td>
<td>233,112</td>
<td>136,922</td>
</tr>
<tr>
<td><strong>Cost of Professional Services</strong></td>
<td>77,284</td>
<td>107,615</td>
<td>162,327</td>
<td>224,558</td>
<td>125,900</td>
</tr>
<tr>
<td><strong>Professional Services Gross Margin %</strong></td>
<td>7%</td>
<td>6%</td>
<td>7%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(1,312)</td>
<td>(4,818)</td>
<td>(12,890)</td>
<td>(19,526)</td>
<td>(11,262)</td>
</tr>
<tr>
<td><strong>Other</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0</td>
<td>(656)</td>
<td>(451)</td>
<td>(768)</td>
<td>(716)</td>
</tr>
<tr>
<td><strong>Cost of Professional Services (Non-GAAP)</strong></td>
<td>75,972</td>
<td>102,141</td>
<td>148,986</td>
<td>204,264</td>
<td>113,922</td>
</tr>
<tr>
<td><strong>Professional Services Gross Margin % (Non-GAAP)</strong></td>
<td>9%</td>
<td>11%</td>
<td>15%</td>
<td>12%</td>
<td>17%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets.
### Sales and Marketing Operating Expense

#### GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>H1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>273,657</td>
<td>468,938</td>
<td>787,860</td>
<td>1,162,346</td>
<td>723,153</td>
</tr>
<tr>
<td>Sales and Marketing Expense</td>
<td>123,440</td>
<td>197,373</td>
<td>315,840</td>
<td>434,056</td>
<td>266,668</td>
</tr>
<tr>
<td>Expense as % of Sales</td>
<td>45%</td>
<td>42%</td>
<td>40%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Non-GAAP Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(2,717)</td>
<td>(12,131)</td>
<td>(29,875)</td>
<td>(51,617)</td>
<td>(39,846)</td>
</tr>
<tr>
<td>Other&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0</td>
<td>(883)</td>
<td>(1,420)</td>
<td>(1,482)</td>
<td>(1,797)</td>
</tr>
<tr>
<td>Sales and Marketing Expense (Non-GAAP)</td>
<td>120,723</td>
<td>184,359</td>
<td>284,545</td>
<td>380,957</td>
<td>225,025</td>
</tr>
<tr>
<td>Expense as % of Sales (Non-GAAP)</td>
<td>44%</td>
<td>39%</td>
<td>36%</td>
<td>33%</td>
<td>31%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets.
## Product Development Operating Expense
### GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>H1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>273,657</td>
<td>468,938</td>
<td>787,860</td>
<td>1,162,346</td>
<td>723,153</td>
</tr>
<tr>
<td>Product Development Expense</td>
<td>102,665</td>
<td>182,116</td>
<td>316,868</td>
<td>469,944</td>
<td>303,664</td>
</tr>
<tr>
<td>Expense as % of Sales</td>
<td>38%</td>
<td>39%</td>
<td>40%</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>Non-GAAP Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(3,528)</td>
<td>(21,644)</td>
<td>(63,938)</td>
<td>(109,362)</td>
<td>(71,282)</td>
</tr>
<tr>
<td>Other$\textsuperscript{1}$</td>
<td>0</td>
<td>(1,544)</td>
<td>(3,221)</td>
<td>(7,201)</td>
<td>(6,360)</td>
</tr>
<tr>
<td>Product Development Expense (Non-GAAP)</td>
<td>99,137</td>
<td>158,928</td>
<td>249,709</td>
<td>353,381</td>
<td>226,022</td>
</tr>
<tr>
<td>Expense as % of Sales (Non-GAAP)</td>
<td>36%</td>
<td>34%</td>
<td>32%</td>
<td>30%</td>
<td>31%</td>
</tr>
</tbody>
</table>

$\textsuperscript{1}$ – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

Workday Confidential
## General and Administrative Operating Expense
### GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>H1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>273,657</td>
<td>468,938</td>
<td>787,860</td>
<td>1,162,346</td>
<td>723,153</td>
</tr>
<tr>
<td><strong>General and Administrative Expense</strong></td>
<td>48,880</td>
<td>65,921</td>
<td>106,051</td>
<td>148,578</td>
<td>86,888</td>
</tr>
<tr>
<td><strong>Expense as % of Sales</strong></td>
<td>18%</td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(7,170)</td>
<td>(20,850)</td>
<td>(43,292)</td>
<td>(57,405)</td>
<td>(34,702)</td>
</tr>
<tr>
<td>Other(^{(1)})</td>
<td>(11,250)</td>
<td>(1,298)</td>
<td>(1,202)</td>
<td>(2,095)</td>
<td>(1,736)</td>
</tr>
<tr>
<td><strong>General and Administrative Expense (Non-GAAP)</strong></td>
<td>30,460</td>
<td>43,773</td>
<td>61,557</td>
<td>89,078</td>
<td>50,450</td>
</tr>
<tr>
<td><strong>Expense as % of Sales (Non-GAAP)</strong></td>
<td>11%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>

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

Workday Confidential
<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>Q2 FY13 TTM</th>
<th>Q2 FY14 TTM</th>
<th>Q2 FY15 TTM</th>
<th>Q2 FY16 TTM</th>
<th>Q2 FY17 TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>199,128</td>
<td>353,337</td>
<td>616,255</td>
<td>974,996</td>
<td>1,351,846</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(88,850)</td>
<td>(136,453)</td>
<td>(202,227)</td>
<td>(222,894)</td>
<td>(304,161)</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>(45%)</td>
<td>(39%)</td>
<td>(33%)</td>
<td>(23%)</td>
<td>(22%)</td>
</tr>
<tr>
<td>Non-GAAP Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-Based Compensation</td>
<td>(6,265)</td>
<td>(28,799)</td>
<td>(114,308)</td>
<td>(198,430)</td>
<td>(304,389)</td>
</tr>
<tr>
<td>Other(1)</td>
<td>0</td>
<td>(12,763)</td>
<td>(5,447)</td>
<td>(10,164)</td>
<td>(16,793)</td>
</tr>
<tr>
<td>Operating Income (Loss) (Non-GAAP)</td>
<td>(82,585)</td>
<td>(94,891)</td>
<td>(82,472)</td>
<td>(14,300)</td>
<td>17,021</td>
</tr>
<tr>
<td>Operating Margin (Non-GAAP)</td>
<td>(41%)</td>
<td>(27%)</td>
<td>(13%)</td>
<td>(1%)</td>
<td>1%</td>
</tr>
</tbody>
</table>

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets
<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>GAAP</th>
<th>As % of Revenue</th>
<th>Share-based Comp</th>
<th>Other (¹)</th>
<th>Non-GAAP</th>
<th>As % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>134,427</td>
<td></td>
<td></td>
<td></td>
<td>134,427</td>
<td></td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td>65,368</td>
<td></td>
<td>(628)</td>
<td></td>
<td>64,740</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td></td>
<td>51%</td>
<td></td>
<td></td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>70,356</td>
<td>52%</td>
<td>(839)</td>
<td></td>
<td>69,517</td>
<td>52%</td>
</tr>
<tr>
<td>Product Development</td>
<td>62,014</td>
<td>46%</td>
<td>(1,124)</td>
<td></td>
<td>60,890</td>
<td>45%</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>15,133</td>
<td>11%</td>
<td>(1,591)</td>
<td></td>
<td>13,542</td>
<td>10%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>(58%)</td>
<td></td>
<td></td>
<td></td>
<td>(55%)</td>
<td></td>
</tr>
</tbody>
</table>

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

### GAAP to Non-GAAP Reconciliations – H1 FY17

<table>
<thead>
<tr>
<th>(in $ thousands)</th>
<th>GAAP</th>
<th>As % of Revenue</th>
<th>Share-based Comp</th>
<th>Other (1)</th>
<th>Non-GAAP</th>
<th>As % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>723,153</td>
<td></td>
<td></td>
<td></td>
<td>723,153</td>
<td></td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td>226,479</td>
<td></td>
<td>(20,627)</td>
<td>(1,168)</td>
<td>204,684</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>69%</td>
<td></td>
<td></td>
<td></td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>266,668</td>
<td>37%</td>
<td>(39,846)</td>
<td>(1,797)</td>
<td>225,025</td>
<td>31%</td>
</tr>
<tr>
<td>Product Development</td>
<td>303,664</td>
<td>42%</td>
<td>(71,282)</td>
<td>(6,360)</td>
<td>226,022</td>
<td>31%</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>86,888</td>
<td>12%</td>
<td>(34,702)</td>
<td>(1,736)</td>
<td>50,450</td>
<td>7%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>(22%)</td>
<td></td>
<td></td>
<td></td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

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

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