

Financial Analyst Day

September 13, 2022

Agenda

Our Momentum	Aneel Bhusri – Co-Founder, Co-CEO, and Chairman
	Chano Fernandez – Co-CEO

Our Expanding Opportunity Pete Schlampp – Chief Strategy Officer

Our Innovation Story Sayan Chakraborty – EVP, Product and Technology

Terrance Wampler – Group GM, oCFO David Somers – Group GM, oCHRO

Break

Our Partner Journey Sam Alkharrat – Chief Partner Officer

Our Go-to-Market Strategy Chano Fernandez – Co-CEO

Our Powerful Model Barbara Larson – Chief Financial Officer

Q&A Executive Staff

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: www.workday.com/company/investor_relations.php

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

Customers who purchase Workday 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 product development expense, sales and marketing expense, gross margin, and operating margin to GAAP product development expense, sales and marketing expense, gross margin, and operating margin is included at the end of this presentation within the Appendix. A reconciliation of our forward outlook for non-GAAP margins to our forward-looking GAAP margins is not available without unreasonable efforts as the quantification of share-based compensation expense, which is excluded from our non-GAAP 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 our margins in any given period.



Our Momentum Driving the Next Phase of Growth

Aneel Bhusri

Co-Founder, Co-CEO, and Chairman

Driving Enduring Growth at Scale



⁽¹⁾ Subscription Revenue for the trailing 12-month period ended 7.31.19 (2) Subscription Revenue for the trailing 12-month period ended 7.31.22

Customer Momentum







Core HCM

Core FINS

Fortune 500

We're mission critical.





Our Momentum

Driving the Next Phase of Growth

Chano Fernandez

Co-CEO

Market Landscape

Digital acceleration is at the top of the agenda.







Driving the Next Phase of Growth

\$10B
Total revenue

20% **F**Subscription revenue growth

Driving the Next Phase of Growth





Our Expanding Opportunity

Uniquely Positioned for Market Share Gains

Pete Schlampp

Chief Strategy Officer

Our Expanding Opportunity



\$125B+

Addressing a Large and Expanding Opportunity

HCM \$52B

Human Capital Management/ Workforce Management Workforce Planning and People Analytics

Talent Management

Employee Experience

Payroll

FINS+ \$73B

Financial Management

Financial Planning

Spend Management

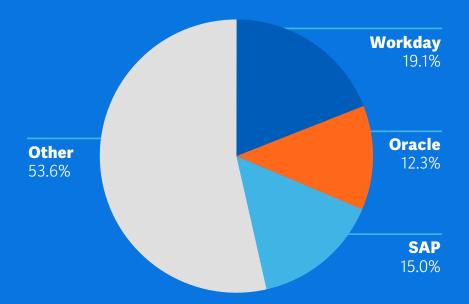
Platform

Analytics

Student

Cloud Market Leader

According to Gartner's market share research, Workday had the largest market share in 2021 for ERP Worldwide SaaS revenue at **19.1%.**



SaaS ERP Total Worldwide Revenue Market Share, 2021 (Millions of U.S. Dollars)

iarts/graphics created by Workday based on Gartner research. Gartner esarch. Gartner Market Share: Enterprise Application Software as a Service, Worldwide, 2021, Neha Gupta, Yanna Dharmasthira, Chris Pang, Craig Roth, Jim Hare, Alys Woodward, Julian Poulter, Balaji Abbabatulla, Eric Hunter, Kevin Quinn, Amarendra , Kanchi Binda shilash Khalkar, Mudit Sharma, Radu Miclaus, Roland Johnson, 19 May 2022

Gattner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gattner research publications consist of the opinions of Gattner's research or and so that the product or service depicted in its research publications consist of the opinions of Gattner for essearch publications consist of the opinions of the op

A Recognized Leader in Two Magic Quadrant Reports

1: Gartner Magic Quadrant for Cloud ERP for Service-Centric Enterprises, John Van Decker, Denis Torii, Tim Faith Sam Grinter, Patrick Connaughton, 12 July 2022

2: Source: Gartner Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises, Sam Grinter, Chri-Pang, Jeff Freyermuth, Ron Hanscome, Helen Poitevin, Ranadip Chandra, John Kostoulas, 19 October 2021

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statement of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

GARTNER and Magic Quadrant are registered trademarks and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and are used herein with permission. All rights reserved.



Recognized as a Leader⁽¹⁾

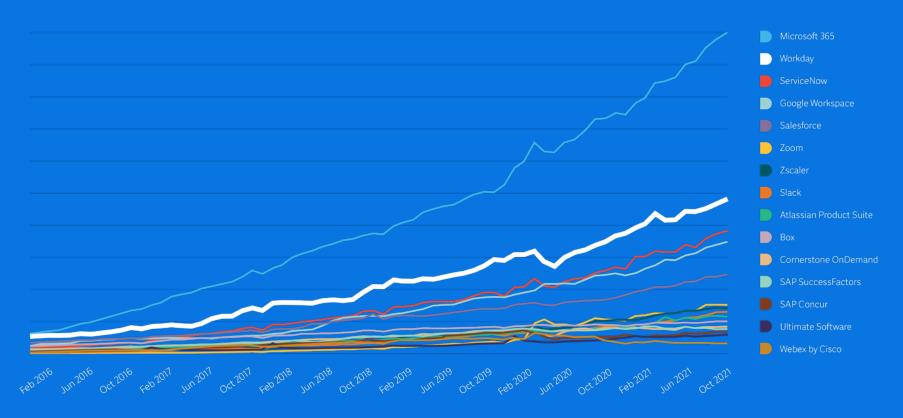
in the 2022 Gartner® Magic Quadrant™ for Cloud ERP for Service-Centric Enterprises

HCM

Recognized as a Leader⁽²⁾

in the 2021 Gartner® Magic Quadrant™ for Cloud HCM Suites for 1,000+ Employee Enterprises

Massive Scale



Building Points of Leverage

Expand with our customers

Use our broad and deep data set

Build on a single platform

Delight our customers

Win systems of record

Digitize and automate business processes

How Workday is Unique in the Office of the CHRO



Trusted
HR brand in
enterprise software



The world's most scalable people data cloud



Broad portfolio of native applications that work better together



ML foundation to elevate human performance



Recruiting

Learning

Talent Optimization



Recruiting

Learning

Talent Optimization



Recruiting

Learning

Talent Optimization



Recruiting

Learning

Talent Optimization



Extended Workforce



Core HCM



Workforce Management

Payroll

Time Tracking

Scheduling

Absence Management



UK



Retail



France



Hospitality



Germany



Healthcare



Australia



Manufacturing



Medium Enterprise

How Workday is Unique in the Office of the CFO



Leading oCFO cloud suite for service-based industries



Unified, adaptable architecture built for speed and agility



Intelligent data core to plan, execute, and analyze the business



Composable platform and broad network of solutions and ecosystem partners

Connecting the Back, Middle, and Front Offices



Back Office

- Financials
- HR, Talent, Recruiting, Payroll
- Spend and Supplier Management



Middle Office

- Instrument Cash Flow
- Cost and Profitability, Business Planning
- Regulatory Reporting and Analysis



Front Office: Financial Services

- Claims and Policy
- Loans, Deposits, Credit Cards

Industry Accelerators from Workday



Industry Accelerators from Workday







Scale with Open Ecosystems



Adapt and Innovate Together



Healthcare



Insurance



Banking and Capital Markets



Technology

Financial Services

\$1B+ annual recurring revenue business

Healthcare

Financial Services

\$1B+ annual recurring revenue business

Government

Professional Services

Education

Financial Technology Healthcare Government and Media **Services Retail and Professional Education Transportation Services Hospitality**

Lead with Organic Innovation

Accelerate with Selective M&A

Culture and Talent

Product and Technology

Buying Center and Customer Fit

Geographies

Industry Verticals



Our Innovation Story

Designed to Adapt, Scaled to Win

Sayan Chakraborty

EVP, Product & Technology

Where we started

In-Memory Object
Data Model

Business Process, ML, and Security

Intelligent Data Core

One Version of the Software

Where we started

In-Memory Object
Data Model

Business Process, ML, and Security

Intelligent Data Core

One Version of the Software

- 99.7% Best-in-Class Availability SLA
- 99.97% Delivered Service Availability

Scalable

- 60M+ Users(1)
- 442B Transactions⁽²⁾

Performant

96% of All Transactions < 1 Second

Ambient

 Responsive, Omni-Channel, Accessible, Native Mobile

Secure

- Configurable Security Model
- Privacy and Security by Design

Reliable

Where we are

An evolving architecture

Where we are

An evolving architecture

Converted to Microservices

Scaled Horizontally

Integrated Acquisitions

From Evolution to Revolution

From Evolution to Revolution

Evolution: Public Cloud

- Global Expansion
- Hybrid Workload Management
- Service Optimization

Revolution: Public Cloud First

From Evolution to Revolution

Public Cloud First

Evolution: Workday Extend

- 750+ applications already built
- Workday Orchestrate
- Workday App Builder

Revolution: API-First Platform

From Evolution to Revolution

Public Cloud First

Workday Extend API-First Platform

Evolution: ML in the Platform

Revolution: ML in Everything We Do

From Evolution to Revolution

Public Cloud First

Workday Extend API-First Platform

ML in the Platform ML in Everything We Do

Evolution

Revolution

Leverage



Our Innovation Story

Designed to Adapt, Scaled to Win

Terrance Wampler

Group General Manager, oCFO

Empower the Office of the CFO



Interoperate for Industry Depth



Enable Organizational Agility



Deliver Trusted Business Insights



Create Intelligent Business Processes

Interoperate for Industry Depth

Connecting the Back, Middle, and Front Offices



Back Office

- Financials
- HR, Talent, Recruiting, Payroll
- Spend and Supplier Management



Middle Office

- Instrument Cash Flow
- Cost and Profitability, Business Planning
- Regulatory Reporting and Analysis



Front Office: Financial Services

- Claims and Policy
- Loans, Deposits, Credit Cards

Financials

HR

ISV

Services Industries

					9 JB
	Financial Services	Professional Services	Healthcare	Media and Entertainment	Technology
Front	Ingest loan, deposit, trade, policy, and claims data to support customer, transaction, and product profitability with straight-through process from front to back office and persisted policy, product, and trade subledgers.	CPQ [Services], Customer Engagement, Travel Booking, Extended Enterprise Learning, Office Space Reservations (Hoteling), Collaboration	Ingesting clinical utilization data to identify opportunities for product standardization, ingesting revenue data to calculate net patient revenue, Patient Scheduling & Billing [ISV], Procedure Management / Point of Use [ISV], Electronic Health Records [ISV]	Services CPQ, Product CPQ [ISV] Customer Engagement [ISV] Ecomm portals [ISV] Direct to Consumer portals [ISV] Incentive Compensation [ISV]	CPQ [Services + Products], eCommerce [ISV] Customer Engagement [ISV] Sales Order Management [ISV] Supply and Project/Production [ISV] Incentive Compensation [ISV]
Middle	Funds Transfer Pricing Instrument Daily Balances Activity-Based Costing LDTI, IFRS 17 Customer and Product Profitability Balance Sheet, and Margin Planning	Project Planning and Optimization, Cost & Profitability, Professional Services Automation (PSA), Revenue Forecasting, Workforce Scheduling, WIP Management, Intelligent Resource Management	Grants Management Inventory Optimization, Demand Planning (supply, space, staff), Cost and Profitability (procedures, services), Service Line, Supply Chain Analytics, Labo, Workforce Scheduling [ISV]	Production Management [ISV] Rights Management [ISV] Advertising Management [ISV] Freelancer Management [ISV]	Contract Lifecycle Management Supplier Performance Transaction (Sales/Use) Tax Flexible Workforce, Entitlements
Back	Accounting, FAS 91, Close, SEC Reporting Regulatory/Statutory Reporting Corporate FP&A, SMCR	Project Accounting, Project Management, Project Billing, Project Profitability, Compliance Reporting, Certifications	Certifications/Skills Supply Chain Management: Bill Only/Consignment, Par/Perpetual Inventory, GS1 Standards, Mobile Barcode Scanning, EDI, Warehouse Mgmt. [ISV]	Revenue Management Payment Processing [ISV]	Revenue Management Sales & Revenue Planning Workforce Planning Payment Processing [ISV] Corporate Tax [ISV]
			Industry Agnostic		

Financial Management [GAAP, ASC 842, AP/AR]

Accounting Center

Planning

Spend Management Analytics

Core HCM

Talent and Recruiting Skills and Learning

Payrol

Financials

HR

ISV

Services Industries

	Financial Services	Professional Services	Healthcare	Media and Entertainment	၇၂႘ <u>၅</u> ၇၂ Technology
Front					
Middle	Funds Transfer Pricing Instrument Daily Balances Activity-Based Costing LDTI, IFRS 17 Customer and Product Profitability Balance Sheet, and Margin Planning	Project Planning and Optimization, Cost & Profitability, Professional Services Automation (PSA), Revenue Forecasting, Workforce Scheduling, WIP Management, Intelligent Resource Management	Grants Management Inventory Optimization, Demand Planning (supply, space, staff), Cost and Profitability (procedures, services), Service Line, Supply Chain Analytics, Labor, Workforce Scheduling [ISV]	Production Management [ISV] Rights Management [ISV] Advertising Management [ISV] Freelancer Management [ISV]	Contract Lifecycle Management Supplier Performance Transaction (Sales/Use) Tax Flexible Workforce, Entitlements
Back	Accounting, FAS 91, Close, SEC Reporting Regulatory/Statutory Reporting Corporate FP&A, SMCR	Project Accounting, Project Management, Project Billing, Project Profitability, Compliance Reporting, Curtifications	Certifications/Skills Supply Chain Management: Bill Only/Consignment, Par/Perpetual Inventory, GS1 Standards, Mobile Barcode Scanning, EDI, Warehouse Mgmt. [ISV]	Revenue Management Payment Processing [ISV]	Revenue Management Sales & Revenue Planning Workforce Planning Payment Processing (ISV) Corporate Tax (ISV)
			Industry Agnostic		

Industry Spotlight

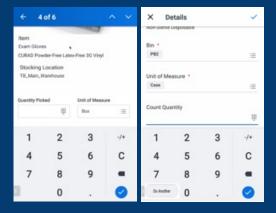
Professional Services



Healthcare

Mobile Inventory User Experience

Order or check inventory levels for medicine and medical supplies from their phone



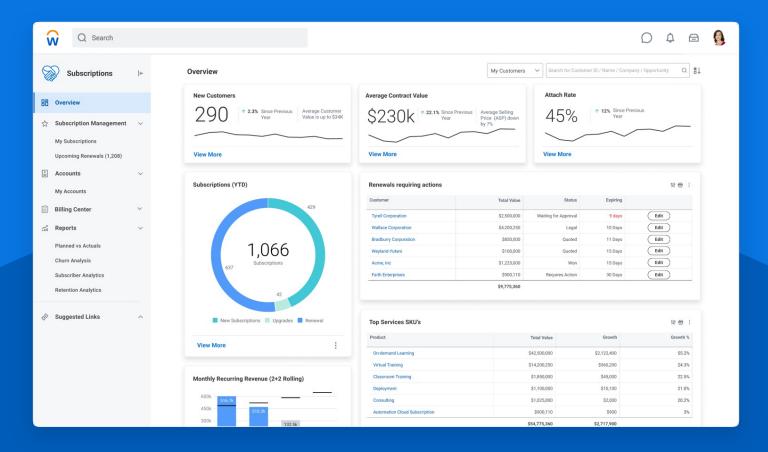
Media

Subscription Management

Construct innovative product offerings and easily plan and handle recurring revenue processing



Subscription Management



Empower the Office of the CFO



Interoperate for Industry Depth



Enable Organizational Agility



Deliver Trusted Business Insights



Create Intelligent Business Processes

Agility and Planning: By the Numbers

100,000 levels or planning entities

160% more planning scenarios

Empower the Office of the CFO



Interoperate for Industry Depth



Enable Organizational Agility



Deliver Trusted Business Insights



Create Intelligent Business Processes

Trucking Carrier Determines Driver Profitability



With Workday

- Leveraging Workday Prism Analytics to bring external data (from fleet management, billing, customer sat, ops systems) along with HCM and finance, created general manager dashboards for each location (e.g., business mix)
- Truck driver P&Ls for finance, ops, and field managers
- Invoice matching from billing system

Value Realized

- Eliminated spreadsheet compilation/more time to analyze the business (20 hours/week savings)
- Used truck driver P&L to determine which drivers were more profitable driving company trucks versus owner operators, which drivers should get advances
- Eliminate Excel manipulation, run invoice matching in seconds versus hours to prepare reports, increased security

Use Cases:

Simple Revenue Recognition

Transform business events into accounting to recognize revenue, including deferred revenue

Cash Subledger

Transform business events into accounting to recognize cash sales, credit card sales, billings, and payments

Incorporate M&A

Easily ingest new data sources to create accounting to support acquisitive growth

Accruals

Eliminate manual data manipulation needed to create accounting on accrual entries

Transform Digital and Physical Sales into Accounting

Transform physical product sales and digital product sales into accounting to recognize revenue

Transform Patient Revenue Detail and Calculate Net Revenue

Ingest patient revenue data and calculate net patient revenue on gross AR, and transform this data into accounting

Expense Recognition

Transform business events into accounting to recognize expenses including deferred expenses and prepaid expenses

Product Spotlight Workday Accounting Center

With Workday Accounting Center we have **full transparency** into detailed accounting creation from close to 75 files from policy, claims, and other systems, **streamlining our accounting into one system** and providing us with **deeper insight** into insurance product profitability."

Vice President of Accounting and Treasurer, Shelter Insurance

















Product Spotlight Workday Accounting Center

Empower the Office of the CFO



Interoperate for Industry Depth



Enable Organizational Agility



Deliver Trusted Business Insights



Create Intelligent Business Processes

	Available	Future	
Automation	 Supplier Invoice Automation—Scanning Receipt Scanning for Expenses Contract Scanning and Search 	 Contract Metadata Extraction Auto-Skip Approvals Self-Reconciling Accounts 	
Anomaly Detection	 Journal Insights Expense Protect Plan Anomalies 	 Duplicate Detection of Expenses Flux Analysis 	
Recommendations	 Customer Payment Matching Spend Category Recommendations for Purchase Orders and Non-Catalog Requisitions Supplier Invoice Automation—Worktag Recommendations 	 Generic Worktag Validation (Additional Fields) Contract Semantic Search Predictive Planning 	

Product Spotlight Machine Learning



Using supplier invoice scanning has been a big win for us. We let Workday do the work for us and we simply review the scanned information. And we've gained greater visibility into pending invoices, with all the associated notes in one place. The result is greater transparency and efficiency over our payables process."

Payables Manager, Skookum Contract Services



Workday proactively identifies accounting errors and helps us understand the behavior of journal data, learn from it, and solve from it as well. A process that took a day now takes 30 minutes via a report refresh and shows us where to put our time and attention. We now have cleaner financial statements at the very beginning and more time back, which gives us more time to focus on our customers."

Product Spotlight Machine Learning



Our Innovation Story

Designed to Adapt, Scaled to Win

David Somers

Group General Manager, oCHRO

Empower the Office of the CHRO



Innovate Around Skills Cloud and Surrounding Products



Empower Frontline Workers and Managers



Incorporate the Extended Workforce

Skills Momentum

1,300 ⁽¹⁾ Customers live

From 25M to 5.7B⁽²⁾

Skill usage in 4 years







Public & Market Data













Point Solutions







Assessment Data







Custom Integrations





The Next Generation of Skills

Skills infrastructure

Skills in applications

Annotation technology

Performant tooling





The Next Generation of Performance Management

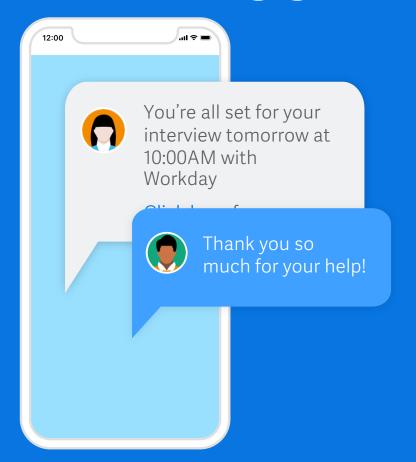


Leader in Recruiting Market

740 Using Workday Recruiting

Expanding with Messaging and Candidate Engagement





Rapidly Growing our Learning Footprint



Empower the Office of the CHRO



Innovate Around Skills Cloud and Surrounding Products



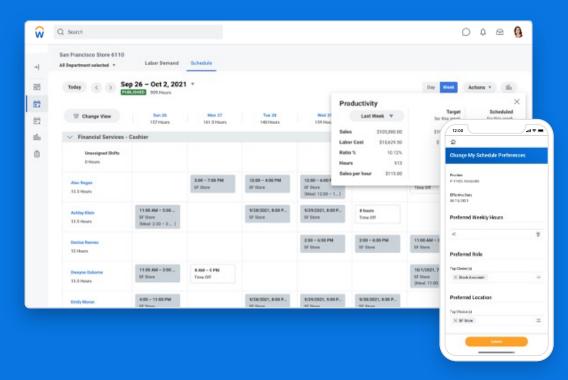
Empower Frontline Workers and Managers



Incorporate the Extended Workforce

Scheduling and Labor Optimization





Frontline Worker

Check in/check out

Shift scheduling

Access to earned pay



Workforce Management



Payroll

Empower the Office of the CHRO



Innovate Around Skills Cloud and Surrounding Products

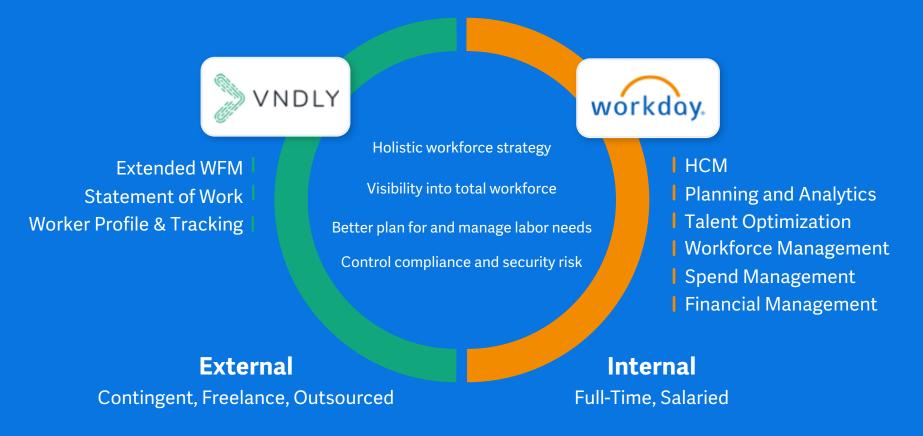


Empower Frontline Workers and Managers



Incorporate the Extended Workforce

Source and Manage the Total Workforce





Our Customer Experience

Accelerating the Value of Workday

Sheri Rhodes

Chief Customer Officer

Customer Experience It Takes an Ecosystem...

16,500+

Certified Resources



95%+

Customer Satisfaction



95%+
On-Time Openits

Evolving the Customer Experience

Adapting the customer experience as we move out of the pandemic and into an uncertain macro-environment



Hyperfocus on Rebuilding Customer Intimacy



Flexibility to Meet Broad Customer Needs



and Rapid Innovation

Optimizing Customer Deployment

Prescriptive deployment techniques, pre-configured setups & standardized tools

Tailored approach when warranted







FY23 Go-Lives

































Our Partner Journey

Accelerating the Value of Workday

Sam Alkharrat

Chief Partner Officer

My Observations



Partners Going "All In" on Workday



Customers Seeking More Depth and Choice



Unwavering Commitment to an Enhanced Partner Experience

Global Partners Strategy



INNOVATE

Expand Joint Solution Offerings



SELL

Grow Partner Leverage, Reach, and Coverage



SERVICE

Deliver Customer Quality, Value, and Choice

Partner Experience Foundation (PXF)							
Partner Management		Joint Go-to-Market		Partner Development		Partner Success	
SI	Software	AMS	Channel	Hyperscaler	MSP	VAR	Advisory



Our Go-to-Market Strategy

Broadening our Strategic Footprint

Chano Fernandez

Co-President



Broadening Land Opportunity



Accelerating Expand Opportunity



Evolving Industry Opportunity

Land Is an Important Growth Contributor . . .



Land Is an Important Growth Contributor . . .



Trailing 12 Months 7.31.19

Trailing 12 Months 7.31.22

... With Significant Opportunity Ahead

4,450+
Core Customers



... With Significant Opportunity Ahead



Average SKUs per Net New Customer

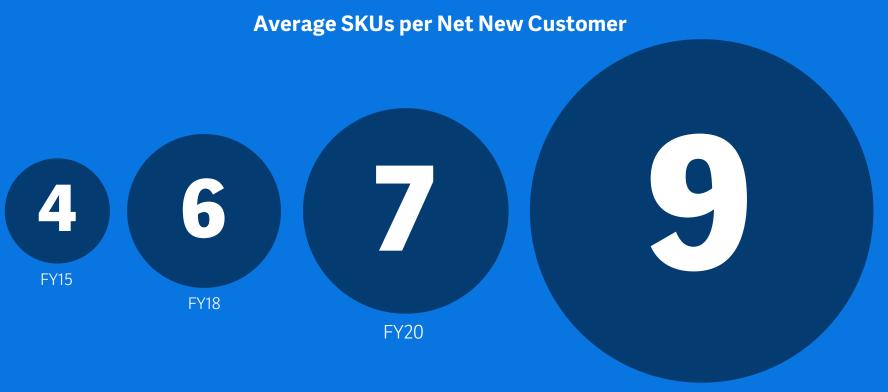


Average SKUs per Net New Customer



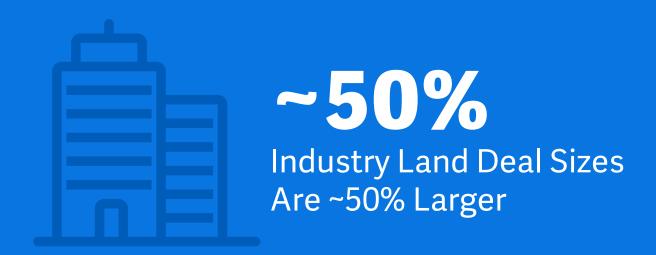
Average SKUs per Net New Customer



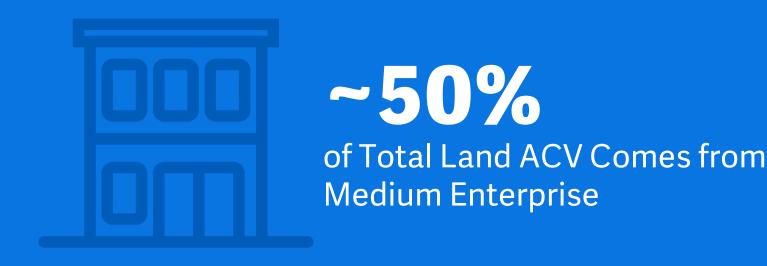


Trailing 12 Months
7.31.22







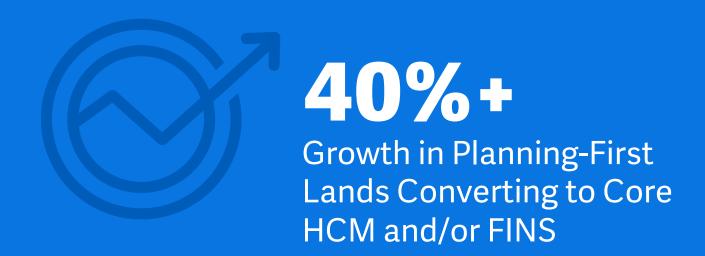














Broadening Land Opportunity



Accelerating Expand Opportunity



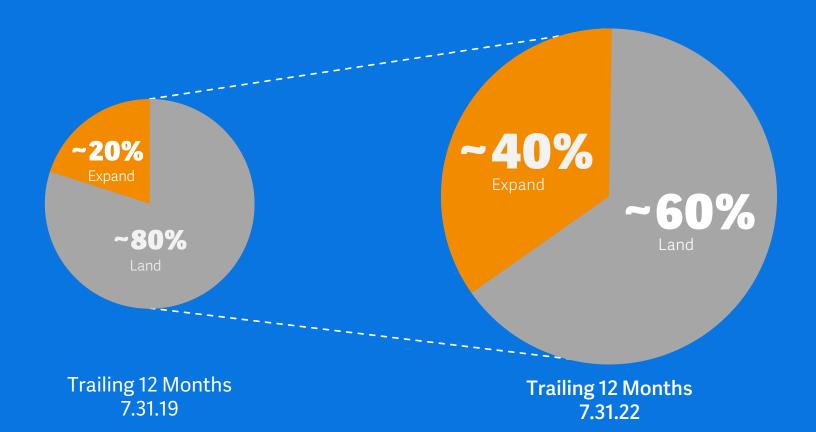
Evolving Industry Opportunity

Expand Is Becoming a Powerful Growth Driver...



Trailing 12 Months 7.31.19

Expand Is Becoming a Powerful Growth Driver...



... Driven by a Strong Customer Base ...

4,450+ Core Customers

6,000+×××

Planning Customers

50%+

Fortune 500



95%+

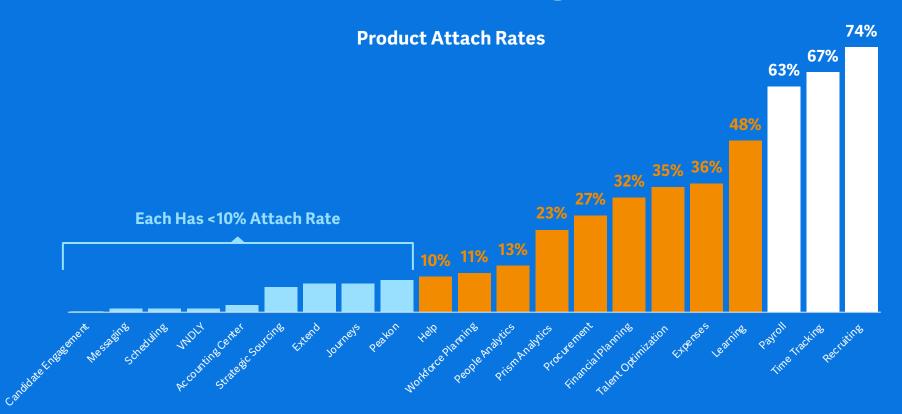
Customer Satisfaction



25%+

Global 2000

... And Our Expanding Platform



Momentum Is Broad-Based Across Solutions ...

<15%

Largest product is less than 15% of new ACV from customer base 2/3

Top 10 products represent 2/3 of new ACV from customer base

... And Driving Increased Deal Sizes



Customer Base Is Key Driver of FINS Expansion





























Digital AE Channel Driving High-Velocity Transactions



The Power of Land and Expand





Broadening Land Opportunity



Accelerating Expand Opportunity



Evolving Industry Opportunity

Leading in Industry



Financial Services

























Industry to >\$1B in ARR

of the Fortune 500 financial >70% services companies are customers



Workday Accounting Center driving increased core financials win rates

Healthcare

BON SECOURS MERCY HEALTH



















>60%

Attach rate for Financial Management and Supply Chain Management among acute care providers

~10x

increase in customers since announced focus on healthcare industry in 2015

#1

Ranked Best in KLAS ERP and Talent Management for five years in a row every year since first included⁽¹⁾

Education & Government







Workday Financial Management attach rate in Higher Education







Student records managed by Workday Student



























Professional Services























of the top 10 accounting 70% organizations have selected Workday(1)

26%

Workday gained PSA market share at 26% year-over-year compared to nearest competitor at 3%(2)

(1) Rankings via Accounting Today (2) Source: IDC PSA Marketscape

Retail and Hospitality

























>50%

of the Fortune 500 retail and hospitality companies are Workday customers

16M+

retail and hospitality workers using Workday

>100%

increase in retail finance customers since pandemic started

Technology and Media

























>70%

of the Fortune 500 enterprise tech companies are Workday customers

#1

in automated revenue management for second time in a row

#1

Largest industry of financial planning ARR⁽¹⁾



Our Powerful Model

Converting Opportunity to Profitable Growth

Barbara Larson

CFO



Enduring Growth



Profitable Growth



Responsible Growth

Driving Enduring Growth at Scale



\$125B+ TAM

<5% penetration

HCM \$52B

Human Capital Management/ Workforce Management

>10% share

Talent Management

>5% share

Payroll

~10% share

Workforce Planning and People Analytics

<5% share

Employee Experience

<5% share

FINS+ \$73B

Financial Management

<5% share

Spend Management

<5% share

Analytics <5% share

Financial Planning

<10% share

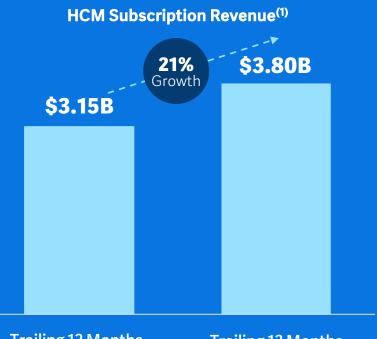
Platform

<5% share

Student

<5% share

Leveraging Our HCM Leadership to Sustain Growth



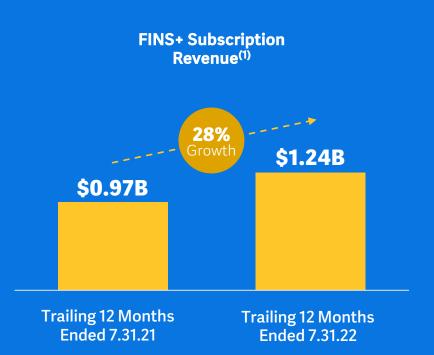


Trailing 12 Months Ended 7.31.21

Trailing 12 Months Ended 7.31.22

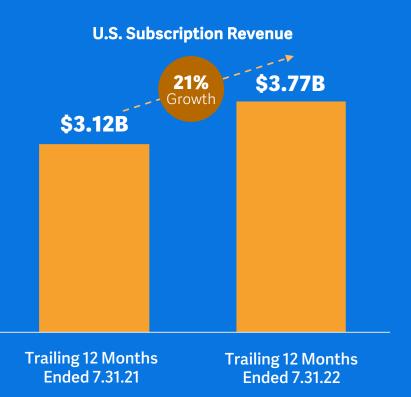
(1) HCM includes Workday Human Capital Management, Recruiting, Time Tracking, Payroll, Learning, Talent Optimization, Workforce Planning, People Analytics, Peakon, Help/Journeys, VNDLY, Scheduling, and Other (2) IDC and Workday estimates as of 9.13.2022

Share Gains Driving Scale in FINS+





Leader in the U.S. Market with Ample Runway



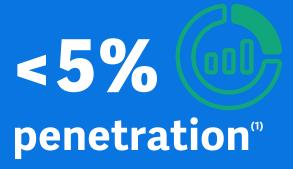


While Expanding Our International Presence





Trailing 12 Months Ended 7.31.21 Trailing 12 Months Ended 7.31.22



Strategic Growth Vectors Have Clear Momentum

Medium Enterprise

~50%
of Total Land ACV
from Medium
Enterprise

Customer Base

~45%
Increase in Average
Deal Sizes

Industry

~50%

Larger Land Deal Sizes Compared to Non-Industry

With Significant Runway Ahead

Medium Enterprise

~15%
Customer Unit
Penetration

Customer Base

\$10B+ Customer Base Opportunity⁽¹⁾ **Industry**

~80%
of U.S. Employees
Are in Services
Industries(2)

Targeting
Sustained 20%+
Subscription
Revenue Growth



FY23



Targeting
Sustained 20%+
Subscription
Revenue Growth



\$10B Total Revenue

FY23







Enduring Growth



Profitable Growth



Responsible Growth

Our Model Is Anchored in Best-in-Class Retention

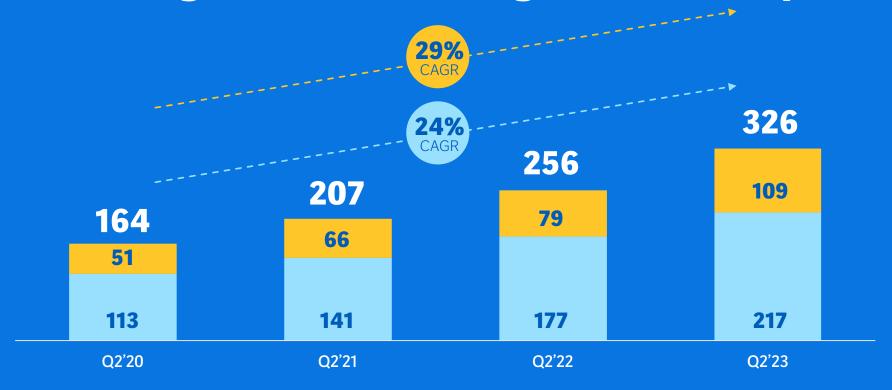
Average Gross Revenue Retention Rate⁽¹⁾

The Compounding Effect of 98% Gross Retention



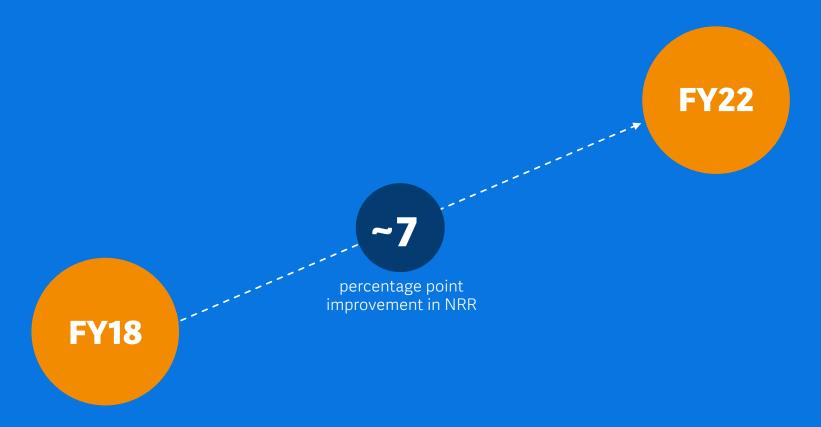
6% difference in churn rate results in a \$1.5 billion revenue difference in the fourth year

Driving Growth in Strategic Relationships



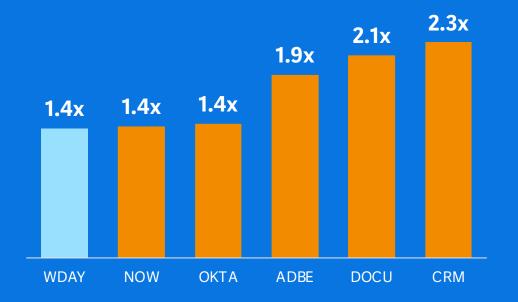


And Increased Net Retention



Which Combined with Efficient CAC

Customer Acquisition Cost



Informs Our Investment in Sales and Marketing

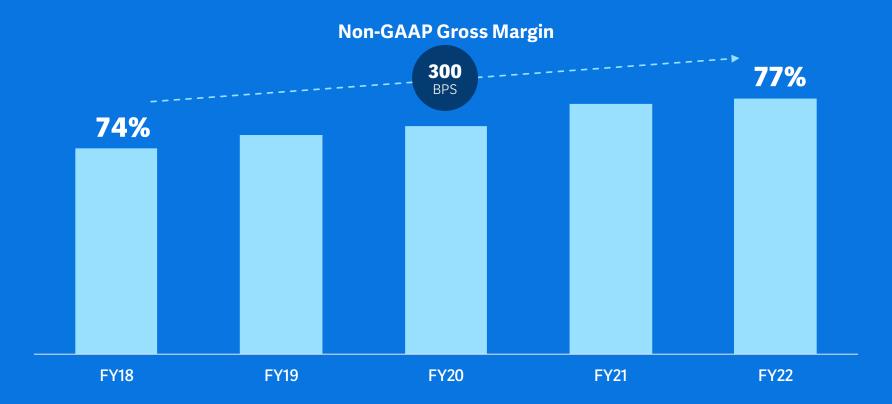


R&D Source of Leverage as Platform Scales

Non-GAAP R&D / Revenue



Gross Margin Source of Leverage as Platform Scales

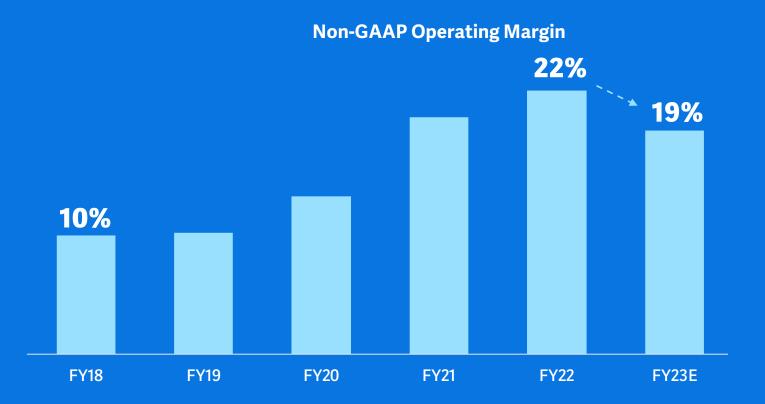


Profitably Growing at Scale

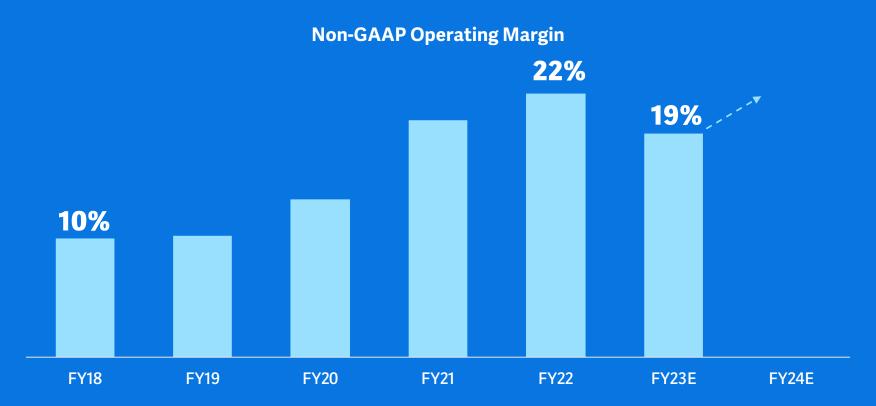




While Investing for Long-Term Growth



Expect Margin Expansion in FY24



Powering Margin Expansion on Our Path to \$10B

Line Items	Non-GAAP 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%			
G&A/RevenueOperating Margin	- ~6%			

Opportunity for Longer Term Expansion

25% Non-GAAP Operating Margin

35% Operating Cash Flow Margin

Expect Pace of Stock Compensation to Moderate on Our Path to \$10B and Beyond





Enduring Growth



Profitable Growth



Responsible Growth

We're Committed to Creating a Sustainable Future, Together



ESG and Our Employees

Cultivating a Culture of Belonging

Workday Peakon Employee Voice



ESG and Our Customers

Building Inclusive Solutions

Building Sustainable Solutions

Empowering our Ecosystem



ESG and the World Around Us

Commitment to 1.5°C

Net-Zero Carbon Footprint

Driving Policy Change



Takeaways



Relentless innovation drives expanding opportunity



Strategic growth vectors have clear momentum



Powerful financial model



Thank You



Appendix

Sales and Marketing Expense

	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	TTM period ending July 31, 2022
Sales and marketing expense	366,323	410,947	429,301	458,701	1,665,272
Non-GAAP adjustments:					
Share-based compensation expenses	(55,645)	(57,571)	(59,169)	(59,878)	(232,263)
Other operating expenses (1)	(9,642)	(10,945)	(14,046)	(9,388)	(44,021)
Non-GAAP sales and marketing expense	301,036	342,431	356,086	389,435	1,388,988

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

Product Development Expense

	FY18	FY19	FY20	EV21	FY22
	LITO	F113	FTZU	FY21	FTZZ
Product development expense	910,584	1,211,832	1,549,906	1,721,222	1,879,220
Product development expense / revenue	42%	43%	43%	40%	37%
Non-GAAP adjustments:					
Share-based compensation expenses	(229,819)	(320,876)	(434,188)	(505,376)	(543,135)
Other operating expenses (1)	(23,128)	(21,230)	(30,684)	(27,567)	(32,935)
Non-GAAP product development expense	657,637	869,726	1,085,034	1,188,279	1,303,150
Non-GAAP product development expense / revenue	31%	31%	30%	28%	25%

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

Gross Margin

	EV4.0	EV4.0	EV20	EV24	EV22
	FY18	FY19	FY20	FY21	FY22
Gross profit	1,513,637	1,987,230	2,561,948	3,119,864	3,710,703
Gross margin	71%	70%	71%	72%	72%
Non-GAAP adjustments:					
Share-based compensation expenses	63,872	92,289	130,320	165,122	199,156
Other operating expenses (1)	9,088	35,048	46,766	41,285	65,732
Non-GAAP gross profit	1,586,597	2,114,567	2,739,034	3,326,271	3,975,591
Non-GAAP gross margin	74%	75%	76%	77%	77%

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

Operating Margin

	FY18	FY19	FY20	FY21	FY22
Operating income (loss)	(303,223)	(463,284)	(502,230)	(248,599)	(116,450)
Operating margin	-14%	-16%	-14%	-6%	-2%
Non-GAAP adjustments:					
Share-based compensation expenses	478,425	673,418	859,880	1,004,854	1,112,405
Other operating expenses (1)	40,397	81,123	126,816	110,986	153,749
Non-GAAP operating income	215,599	291,257	484,466	867,241	1,149,704
Non-GAAP operating margin	10%	10%	13%	20%	22%

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

About Non-GAAP Financial Measures

To provide investors and others with additional information regarding Workday's results, we have disclosed the following non-GAAP financial measures: non-GAAP product development expense, non-GAAP sales and marketing expense, non-GAAP gross margin, and non-GAAP operating margin. Workday has provided a reconciliation of each non-GAAP financial measure used in this presentation to the most directly comparable GAAP financial measures. Workday's management uses these 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. Management believes these non-GAAP financial measures to understanding business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Workday's business. Management also believes that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Workday's operating results and prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

Non-GAAP product development expense, non-GAAP sales and marketing expense, non-GAAP gross margin, and non-GAAP operating margin differ from GAAP in that they exclude share-based compensation expenses, employer payroll tax-related items on employee stock transactions, and amortization expense for acquisition-related intangible assets.

Management believes excluding the following items from the GAAP Condensed Consolidated Statements of Operations is useful to investors and others in assessing Workday's operating performance due to the following factors:

- Share-based compensation expenses. Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. Share-based compensation expenses are determined using a number of factors, including our stock price, volatility, and forfeiture rates, that are beyond our control and generally unrelated to operational decisions and performance in any particular period. Further, share-based compensation expenses are not reflective of the value ultimately received by the grant recipients.
- Other operating expenses. Other operating expenses includes employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets. The amount of employer payroll tax-related items on employee stock transactions is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business. For business combinations, we generally allocate a portion of the purchase price to intangible assets. The amount of the allocation is based on estimates and assumptions made by management and is subject to amortization. The amount of purchase price allocated to intangible assets and the term of its related amortization can vary significantly and are unique to each acquisition and thus we do not believe it is reflective of ongoing operations. Although we exclude the amortization of acquisition-related intangible assets from these non-GAAP measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.

Limitations on the Use of Non-GAAP Financial Measures

The use of non-GAAP product development expense, non-GAAP sales and marketing expense, non-GAAP gross margin, and non-GAAP operating margin have certain limitations as they do not reflect all items of income and expense that affect Workday's operations. Workday compensates for these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. These 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, these 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.