



Global at the Core

The Workday Approach to Global Financial Management

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As a leader in cloud financial management applications, Workday supports organizations around the world across a broad spectrum of industries, sizes, and business models. We understand that to be successful in the global economy, enterprises of all kinds must be able to grow globally, including in developing markets. To make this possible, businesses need systems and processes that support and drive global operations.

This paper describes three key elements of the Workday approach to global financial management:

- A single platform containing financial management, human capital management, planning, and analytics that eliminates disparate systems and data silos
- Common global frameworks that can be configured to the needs of each country, instead of specific features used only by a single country
- Local configurations (data, templates, and reports) that accelerate deployments

Global Growth Means Global Pains

Historically, companies deployed a top-tier ERP system at their headquarters, and regional or country-specific accounting systems in other countries.

Many global companies opted for multiple, less powerful platforms due to the high costs associated with deploying bespoke ERP solutions for smaller locations, particularly those in newly developing economies with notable language and regulatory challenges. Larger, more traditional ERPs also tend to have rigid architectures, and when business

processes designed for headquarters are implemented in smaller subsidiaries, the complexities often can't be easily explained or bypassed for that location, which might only have a couple of financial users.

As a result, many enterprises now have a variety of financial systems—disparate brands and versions on various platforms, deployed by multiple systems integrators. And unfortunately, disparate systems create data silos that cause major obstacles in gathering, reconciling, and consolidating data.

Beyond Compliance

Disparate systems and data silos cause issues for global companies beyond data consolidation. Global finance leaders need to regularly report group results, manage global performance, and mitigate commercial risks associated with controlling global operations. Leaders must be able to quickly identify financial and operational risks and opportunities, provide accurate and timely data to regional personnel best equipped to make decisions relevant to their roles, and standardize reporting and analytics to ensure a consistent, controlled view regardless of what needs analyzing in the business.

A traditional global ERP deployment with disparate systems for regional offices, separate systems for global consolidation, and additional systems for BI and analytics leaves few users with access to data for decision-making. It also means that users don't get a truly real-time look into global operations, resulting in a limited view into remote locations. While these systems have supported global operations for decades, they've failed to prioritize true global business insight.

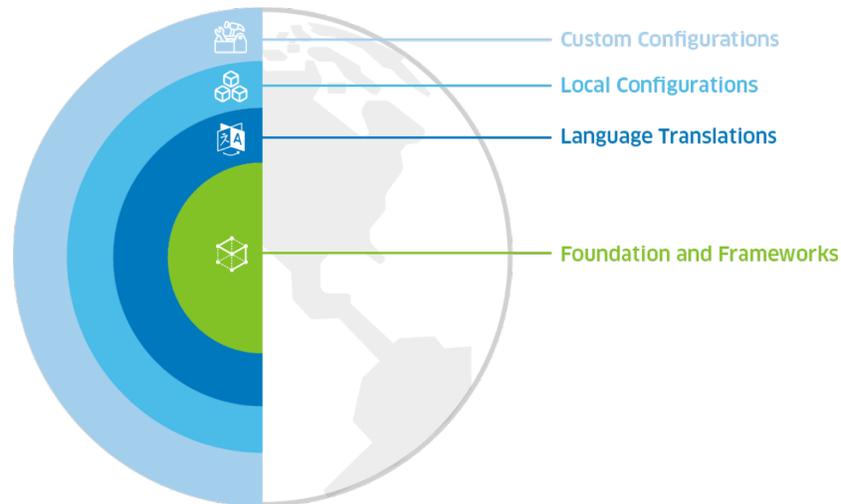


Figure 1. Workday Global-at-the-Core Design

The Workday Global-at-the-Core Design

Workday supports organizations with one system that is global at the core, consisting of a common global foundation shared across Workday, and flexible financial frameworks that allow for faster deployment, more agile response to change, and more complete reporting and analysis. This design delivers support for broad international requirements as well as configurability for more unique needs. The customer is in control, allowing for fast movement into new countries without having to wait for complex coding efforts from vendors or IT partners.

The four layers of the Workday global-at-the-core design as described here help customers meet business requirements, and provide the flexibility to adapt to internal growth and regulatory changes.

Layer One: Foundation and Frameworks

Global frameworks and foundational components make it easy to configure Workday to address local needs, without requiring custom features specific to a single country. By including global foundational components, such as character sets, address formats, currencies and amounts, and date/time formats, it is easy to ensure a consistent and localized experience for all users. Frameworks, such as tax reporting, payment, document sequencing, multicurrency, and so on, support financial-specific capabilities common to many geographies around the world.

Layer Two: Language Translations

Workday allows users to work in their own language, and currently supports nine languages. Once the user selects their preferred language, the Workday user interface automatically displays in that language. Customers can also translate the data they set up or enter into Workday including notification messages, reports, and dashboards.

Layer Three: Local Configurations

Workday provides country-specific local configurations for 32 countries. These configurations provide values, templates, and reports within the financial frameworks and offer customers a starting point, which they can adjust as necessary to meet the scope of their specific deployment.

Layer Four: Custom Configurations

The custom configuration layer gives customers and partners the ability to populate specific data, reports, integrations, and business processes to meet unique needs and requirements. Customers can build these custom configurations from scratch, or use the flexible templates (business process, reporting templates, and so on) in Workday in the first three layers of the design.

Frameworks for Managing Globally and Executing Locally

Having the ability to set controls at a global level while maintaining the flexibility to manage specific in-country needs is paramount. This is why Workday built global financial frameworks into our global-at-the-core approach.

Workday provides financial frameworks that allow customers to meet multinational requirements without hard-coded customizations. In addition to the financial frameworks, Workday includes a common workflow framework called the business process framework (BPF), and a standard reporting framework to help customers standardize around the globe, which makes addressing new requirements less labor intensive.

- **Multi-legal entity and multi-dimensions** allow for the preparation of financial statements on a legal entity basis, but produces management reports on different dimensions, such as cost center, line of business, or region.
- **Multi-chart of accounts** enables a corporate account structure to be shared with the group, produces consolidated reporting without data transformation, and meets local reporting requirements in countries where a statutory chart of accounts is required.
- **Multi-GAAP (U.S. GAAP, IFRS, local GAAP, tax, and so on)** supports as many accounting standards as needed or desired.
- **Multi-currency** supports multiple exchange rate types, enabling the capture of transaction currency, functional currency and reporting currency, as well as automatically generating realized or unrealized gains and losses, and currency translation adjustments.
- **Tax framework for indirect tax recording, accounting, and reporting** provides for VAT, GST and other services taxes across the globe, as well as being able to configure advanced withholding tax scenarios.
- **Supplier payment** framework calculates and reports withholding, whether calculated at invoice time or payment time, with actual cash being withheld or for reporting purposes.
- **Banking and payment** engine allows payments and bank statements to be interfaced with banks around the world, in any format, regardless of country-specific or regional standards.
- **Document sequencing** assigns a unique number to all journal entries, a common requirement in many European, Asian, and South American nations.
- **Global consolidation** allows for seamless consolidation of company financial statements in any currency, in real time, without duplicating ledgers. This global consolidation includes an inter-company engine enabled for multicurrency that easily automates and reconciles the many types of complex inter-company transactions.

Supporting New Accounting Standards

In addition to delivering global finance and accounting frameworks, Workday helps customers migrate to new accounting standards around the world. By assessing the impact of new standards, delivering capabilities to meet them, and providing tools to assist with adoption, Workday eliminates some of the work traditionally required to maintain adherence to changing GAAP and IFRS standards.

ASC 606/IFRS 15

Revenue recognition is one of the most difficult financial and accounting processes to get right. It represents the area at highest risk of material error on financial statements and is one of the leading causes of restatement.

Developed in concert with market experts and companies evaluating the new standards, Workday revenue recognition offers the flexibility to handle different products and services, and it supports subscription, usage, project time, and expense. Workday makes it easy to record revenue events, complete fair value analysis, link contracts, and allocate and recognize revenue for simple and multielement arrangements, as well as track revenue recognition milestones and percent complete. Billing is also independent from revenue recognition to ensure appropriate adherence to both billing and revenue guidelines.

Workday offers one system where contract data resides and historical data can be converted. This makes it easy to find, review, and assess the entire contract database. The “what-if” scenario modeling capabilities in Workday make it easy to create multiple revenue scenarios with alternate contract capabilities so you can compare the existing standards against the new. Workday supports alternate contract and reporting to significantly simplify meeting reporting and disclosure requirements.

ASC 842/IFRS 16

Similar to the new revenue recognition standard, finance systems are especially critical in helping organizations prepare for and adopt the new lease accounting rules. Under the new guidance, companies may have to make significant changes to processes and the segregation of duties, and they will need stronger internal controls to monitor lease activity through the life of leases.

Workday identified and met three main goals to enable our customers to meet the new lease accounting standards:

1. Streamline the chaotic process of accounting for new lease agreements.
2. Deliver one system for all accounting entries, including lease inputs, with all calculations within Workday.
3. Support reconciliation within Workday using lights-out reconciliation with an amortization schedule and reports.

In addition, we are delivering comparative reporting and cumulative adjustments with an alternate contract model to generate accounting under both standards to support modified and full retrospective reporting, disclosures, and cumulative adjustments. We also support the conversion process to help migrate lease agreements and prevent duplicate entries.

Business Process Framework

Workday allows organizations to standardize global processes using the BPF, which can accommodate multiple and complex business tasks within a single workflow. When customers create a process for a global business need, they have the discretion and flexibility to set up unlimited, unique business process steps keyed to the needs of specific locations, organizations, or groups at the same time, within that workflow. Because business processes are defined and tied directly to organizational structures and role-based security, they can be controlled centrally while allowing in-region flexibility as needed. All activity is modeled and governed in one place, so nothing happens in Workday without it being fully reflected in the BPF. This enables strong internal controls regardless of the number of countries involved.

Reporting Framework

Workday takes a fundamentally different approach to reporting and analysis, bringing financial management and analysis into one architecture, shared across all of Workday regardless of company, country, or organization. This provides a single global view of financial performance and results on any device, through dashboards, executive KPI scorecards, financial statements, and more. There's no difference between reporting and transactional data—it is all data and real-time insight into the business. Since all data is stored in-memory with native dimensionality, customers can view consolidated results at any point in the period, and understand them through the rich transactional details that get lost in legacy global finance and accounting systems.

The reporting framework in Workday uses a powerful security framework, so users can drill directly into supporting transactions, but only to the level of detail appropriate to their role and organization. For example, to comply with internal privacy policies, it is possible to limit the display of detailed data and to only display aggregated values depending on the location and hierarchical level of the person using the report. This also means reports only need to be created once, and are then presented appropriately to regional or organizational managers as needed.

[Read more on the Workday approach to reporting and analysis.](#)

Proven Globally

Workday has a strong and growing presence across the globe, currently delivering local configurations for 32 countries and with customers managing finance operations in over 45 countries.

“Here at SOTI we are experiencing rapid international growth, with offices all over the world. Workday has helped us scale globally and prepare for continued growth.”

–Manager, SOTI Inc.

“We used to spend thousands of hours every month doing manual reconciliations across multiple geographic locations, with limited business insights provided from any of our systems. Workday will empower our people to collaborate far more effectively and make data-driven decisions, especially in the analysis of financial information to help business leaders remain informed.”

–Chief Financial Officer & Executive Director,
Salmat Limited

“With Workday Financial Management, our consolidation is dynamic and on demand. Any member of the team, at any time, can get a real-time consolidated view of the company.”

–Director, Business Systems, TripAdvisor, LLC

Conclusion

Technology has accelerated the speed of information, the pace of business, and the accessibility of international markets. Today, maintaining a competitive edge means being global by default. And if not today, then in the future.

Managing accounting and finance for international branches or planning for geographic expansion is complex, with considerations for local transaction taxes and tax reporting, certifications, payment and banking formats, statutory reports, and more. Responding quickly and accurately isn't just about the bottom line, but also about maintaining legal compliance.

Workday provides one system for transactions, planning, and analytics with a common foundation. With one global financial management system, you gain shared data models and structures, standardized business processes, one view of the data, and common frameworks that can be configured to meet local requirements.



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