Workday Rising 2016

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Service Performance Insight, LLC

Research Note

SPI Research
People · Process · Capital

Workday for Professional Services
BUILDING THE NEXT GENERATION OF CLOUD SOLUTIONS

INTRODUCTION

Workday Rising 2016 was a smashing success as over 7,000 people attended, representing over 4,000 customers and another 600+ prospects. Now over 1,300 organizations worldwide utilize Workday Human Capital Management (HCM) in addition to more than 250 who use Workday Financial Management and a small but growing installed base of Workday Professional Services Automation (PSA) customers. Workday is definitely on a growth path, growing from $788 million in revenue in 2015 to projected revenues of more than $1.5 billion in fiscal year 2017.

This conference had a number of big announcements around Workday's solutions and partnerships. The following sections highlight some of the more significant to the professional services market.

THE POWER OF ONE

This year's theme was all around the "Power of One" based on a single, unified platform with one code line; one security model; one user experience; one data model and one mobile application platform. Workday's singular focus on maintaining consistency across its entire suite is a major differentiator compared to other enterprise cloud providers who have grown through disparate acquisitions, creating layers of complexity and inconsistency.

Workday started at the right time in technology, when the cloud was starting to become the platform of choice. This timing enabled the vendor to build its solutions on one code line that supports mobile applications, with enhanced security. The benefits of a unified platform include lower cost of ownership, a better user experience and faster, more transparent upgrades. One code base means Workday can concentrate on the tough problem of global expansion with support now for 35 countries and currencies.

THE PLATFORM MATTERS

Platforms do matter. Workday built its own platform and now looks to be ready to share it with the world. In the future, there will only be a few leading application development platforms. Workday plans to be one of them, and is offering a variety of tools that enable complimentary solutions to be built. The Workday platform shows promise to propel application development partners to expand the solution into more areas with industry-specific enhancements. Workday partners will be able to develop industry-leading solutions built on its platform, that are pre-integrated with Financials and HR.

ANALYTICS AND BIG DATA RULE

To leverage all of the value within enterprise class solutions, reporting and analytics must be addressed. Workday has developed over 3,000 reports, but users can and have developed many more. Enhanced reporting and analytics support finance, internal auditors' scorecards, budgeting and planning and ad hoc capabilities. The key is not just to put the transactional data in the system, but to leverage the value out of the system. Workday has focused on powerful analytics and reporting from the beginning.

Workday's acquisition of Platfora was significant. Platfora was an emerging leader in providing operational analytics and data discovery tools, which enable companies to visually interact with and analyze petabyte-scale data in seconds. While Workday will

Figure 1: Workday Financial Scorecard

Source: Workday, September 2016

rewrite the code on its own platform, the domain expertise provided by Platfora is crucial. Essentially it offers pivot table type capabilities for analytics. Now organizations can dive deep into performance by vertical market, geography, practice area, or even individual. This information will enable professional services organizations to make changes when needed, not waiting months to a year to do so.

THE MICROSOFT PARTNERSHIP

Workday also made several major announcements around partnerships. No partnership is as significant to the Professional Services market as the one with Microsoft. Workday announced its plans to deliver integrations between Microsoft Office 365 and Workday's Finance and HR applications, which will enable workers to simplify day-to-day tasks, foster collaboration, and increase productivity.

Microsoft Office 365 has become the norm in professional services organizations, as Outlook, Excel, Word and PowerPoint are core productivity tools for most information workers. And most professional services consultants utilize Microsoft Project for task level project management. This announcement is just the beginning for Workday, as

they will continue to develop industry-leading enterprise suites to help organizations plan, sell, deliver and bill for work. With significant partnerships, other firms can take advantage of Workday's core capabilities to improve performance.

WORKDAY PROFESSIONAL SERVICES AUTOMATION (PSA)

Workday PSA has been commercially available for approximately a year and a half. Its success is impressive. Professional services organizations from around the world have been able to synchronize their workforce skills with project-based work to optimize their performance. No longer do they need to worry about over or understaffing. Plus, because Workday is built on one platform, the impact of the work is immediately seen in terms of profit and loss, as well as cash flow. This information in real-time enables executives to better plan, hire and staff, helping them accelerate profitable growth.

Workday has made significant enhancements to PSA over the past year including centralized workforce management, enhanced resource and project management, support for complex billing and improved expense management. Now integration with Salesforce.com CRM allows PS organizations to synchronize their opportunity pipeline with their resource plan. "Find project for me" allows consultants to manage their workload and improve

utilization while enhancing their careers. Multidimensional cost rates and billing rate rules provide support for complex projects with enhanced cost and revenue management.

WORKDAY PLANNING

Workday Planning is a powerful new planning, budgeting and forecasting application that unifies both financial and workforce planning in one solution. It is designed for dynamic organizations, where change is constant. This planning infrastructure will allow executives to respond to changes in the market and make decisions in real time to improve operations. Some of the key aspects of Workday Planning include:

- ***Configure Planning to Business Needs***: executives can plan their workforce or financial needs by month, quarter or year and then generate a baseline budget using historical finance and HR information.
- ***Collaborate Across the Business***: departments can use Workday's worksheet capabilities, similar to spreadsheets, to create different scenarios leveraging real-time data to finalize the budget or forecast revenues, costs and headcount.
- ***Continuously Plan and Execute on Budgets***: because Workday Planning is a real-time financial management and HR solution, executives can modify plans in real time, and

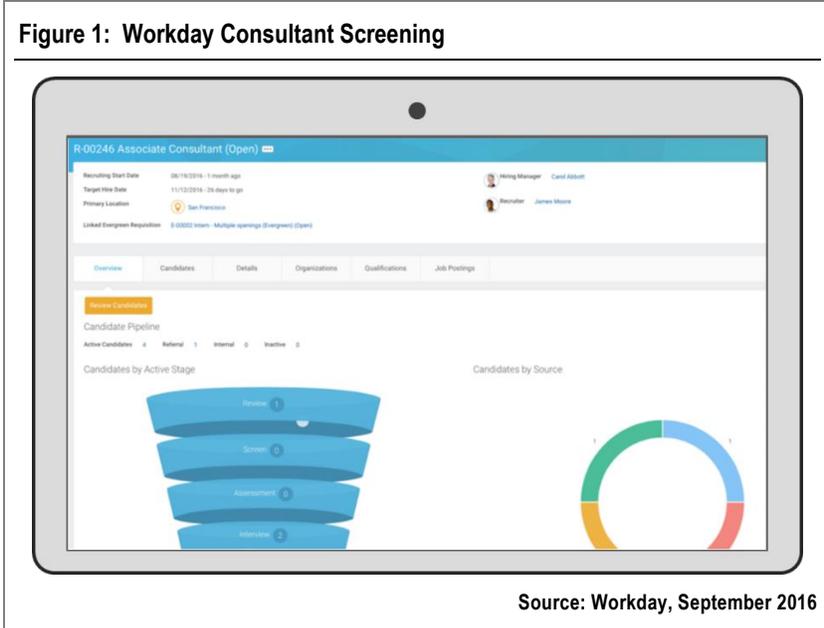drill down to see the ramifications of adjustments.
- The solution enables the organization to determine the optimal staffing level to support growth and profitability. It offers modeling capabilities to determine the appropriate mix of contingent, full-time and part-time employees.
- Model expansion strategies and costs. Ability to see the cost and revenue impacts of expansion.

Figure 1: Workday Consultant Screening

Source: Workday, September 2016

WORKDAY LEARNING

With employee attrition levels rising, professional services organizations need more help than ever before with employee retention. Workday has developed a powerful integrated learning management solution. The solution enables employees to learn at their own pace and develop the skills required for new career opportunities. Integration with the Workday suite makes it easier for employees to learn, earn and perform as the system monitors and maintains both training content and its use.

SPI Research sees virtual learning as an increasingly critical component of Professional Services talent management. Employees who wish to learn, should have the ability to do so at their own pace, anywhere and anytime. Fostering a learning environment is crucial to attracting and retaining skilled knowledge workers. It is when employees feel as though they've learned all they can learn, that they begin to make a move toward something new and challenging outside their current firm.

Δ **Peer to peer learning**. Allows employees to create, share and consume information anywhere and on any device. This capability provides greater access to training and fosters collaboration, learning and teaching across the organization.

Δ **Contextual Content**. Allows Workday and its partners to tailor organizational learning to individual roles and preferences. It alerts employees when content has been created which matches their educational and training preferences.

Δ **Democratization of Video**. Workday has created a simpler, yet more powerful, system to create and use video in training. This approach supplements written content with visual, providing a more interesting and realistic learning format. Workday has implemented standards such as HTTP Live streaming.

Δ **Targeted campaigns**. PSOs can create specific programs for specific roles to ensure relevant information is open to all. Campaigns ensure employees take critical training to stay current with policies, regulations and standards.

Δ **Built-in, Actionable Reporting and Insights**. Now PSOs can gauge the effectiveness of their learning initiatives. Managers can see who has taken the training, how have they scored and how have they improved. With this information PSO's can better design learning initiatives to improve worker skills while enhancing employee morale.

CONCLUSIONS

Workday is an innovator. The company began at the right time to develop native cloud-based solutions, and its efforts are paying off. Originally known as an HCM vendor, Workday is now growing its financial base at a faster rate, as more firms look to move their operations to the cloud, with one integrated platform supporting both financials and talent. Workday understands that today's organizations are fundamentally people-centric. By putting people at the center of operations, dynamic organizations are empowering growth and decision-making.

Workday is one of a handful of cloud-based vendors focused on the specialized needs of the Professional Services market. It has uniquely built its core Professional Services Automation functionality directly into its financial application. Combined with its industry-leading human capital management capabilities for recruiting, hiring, compensating and engaging the workforce of the future, it is setting a new bar for the people-centric world of Professional Services.

By sticking with a "Power of One" philosophy, Workday has been able to avoid the complexity, overlaps and intricacies of competing enterprise-class application suppliers who spend more time trying to make disparate acquired products work than on developing new ones. As Workday opens the platform to partners, its enterprise expansion should grow exponentially. Having all of its solutions built on an integrated platform makes Workday a desirable choice for professional services organizations that look to achieve greater visibility and performance as they grow.