



Workday

Expectation relative to market segment Track

Technology Segment
Human Capital Management

Ticker Exchange
WDAY NASD
Bloomberg
NH NUC <GO>

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Workday’s efforts in expanding its customer base across its human capital and financial management applications have been returning positive results. New customer acquisitions are the main driving force behind Workday’s year-over-year revenue growth.

Price 11/16/2020 \$224.97
52 week range \$107.75 - \$248.75

COMPANY

Workday traditionally targets mid to large enterprises and has a customer base that is geographically and vertically diverse. The vendor’s product line is divided into five categories: Workday Financial Management; Workday Human Capital Management; Workday Adaptive Planning; Workday Industry Solutions for specialized ERP; and Workday Analytics Offerings. In May 2020, Workday forged a partnership with Microsoft, enabling its users to run Workday Adaptive Planning on Azure Cloud. With AWS and Azure, Workday expands its operations while lowering its operating costs as multi-tenant cloud services operate at greater computing efficiency. Over the past year, Workday has driven down its subscription costs to revenue ratio while granting existing users greater flexibility over their operations and attracting new customers with specific cloud requirements

MARKET POSITION



MARKET

The human capital management (HCM) market has seen substantial and constant growth over the past several years. As the economy recovers, the human capital management space is experiencing large investments. The forced closure of most offices, as well as the increased demand on the retail chains that remain open have highlighted the inefficiencies of manual systems. As organizations look to regain financial footing, there is a need to extract greater productivity from employees while also lowering overall costs and optimizing HR processes to drive business agility and competitive advantage.

RELATIVE SOLUTION COST

Workday	100%
Oracle	95%
SAP SuccessFactors	95%
UKG	91%
Ceridian	77%
Paycor	58%

Relative cost to a customer based on typical mid-sized deployments during the past 6 months.

COMPETITION

Workday closely competes with other full-suite HCM providers such as UKG, Oracle (ORCL), SAP (SAP), Ceridian (CDAY), and Infor in the

CUSTOMER PERCEPTION

85 - 95 Positive

Analyst estimate based on feedback from customers and prospects during the past 6 months

enterprise-level space. Leaders in the space continue to make frequent investments in their suites. Workday is also well positioned because of its combined HCM and ERP offerings. As technology enables employees to collect massive amounts of data, more businesses are moving towards single vendor solutions that connect ERP and HCM to ensure a user experience that delivers more complete organizational visibility. Moving to a single provider enables organizations to facilitate collaboration and share insights more easily, allowing users to improve workflow efficiency, and incorporate new best practices. Nucleus has observed that companies using a single unified platform for ERP and HCM can leverage connected workflows between departments, improving data visibility and delivering higher returns for organizations that support this type of infrastructure.

OUTLOOK

Over the next six months, Nucleus expects Workday to track with the rest of the market. With Workday's substantial upfront investments to R&D, cloud infrastructure, and marketing, Nucleus believes the vendor is well on its path to long-term growth. Large expenditure increases in marketing and product development to compete with the spending of its primary competitors, Oracle and SAP, explains Workday's recent operating losses. Workday's efforts in expanding its customer base across its human capital and financial management applications have been returning positive results. New customer acquisitions are the main driving force behind Workday's year-over-year revenue growth. Workday should face continued pressure as UKG and Ceridian expand into the enterprise space.