



NUCLEUS
RESEARCH

Workday

Expectation relative to market segment

Outperform

Technology Segment
Human Capital Management

Ticker Exchange
WDAY NASD

Bloomberg
NH NUC <GO>

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Workday’s strong brand recognition and combined ERP and HCM solutions make it an attractive option for enterprise customers looking to grow. New customer acquisitions are the main driving force behind Workday’s year-over-year revenue growth and the reason Nucleus expects Workday to continue to do well.

Price 2/22/2021 \$272.74
52 week range \$107.75 - \$282.77

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. Over the past year, Workday has done well retaining existing customers and attracting net new customers with continued updates and functionality. Subscription revenue now makes up over 87 percent of all revenue, making Workday one of the largest vendors to transition its offerings, and virtually all customers, to the cloud.

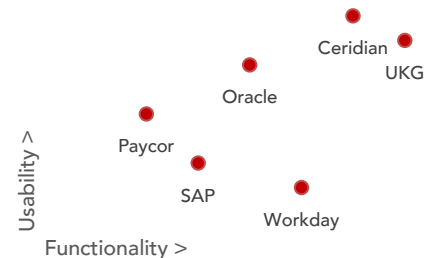
MARKET

The HCM market has experienced uncertainty over the course of the past year, with many organizations facing declining headcounts and payrolls upon which many vendors base their pricing structure. However, other organizations have realized an increased need for HCM solutions as they adapt to indefinite remote work or navigate a continuation of in-person work with new health and safety regulations. Since 2020, the HCM market as a whole has continued to focus on helping customers meet requirements driven by COVID-19. Leading providers have focused significant time and capital towards specific needs such as reporting and compliance, and have also made large investments in employee engagement and support capabilities.

COMPETITION

Workday closely competes with other full-suite enterprise HCM providers, including UKG, Oracle (ORCL), SAP (SAP), Ceridian (CDAY),

MARKET POSITION



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.

CUSTOMER PERCEPTION

85 - 95 Positive

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

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and Infor. These providers continue to make regular investments to build out functionality in their respective suites. Workday is well positioned due to its combination of HCM and ERP offerings, especially as organizations look to maximize their software investments across multiple business operations to deliver a more cohesive user experience and increase organizational visibility. Opting for a single provider also allows organizations to improve collaboration across departments, enabling users to improve workflow efficiency and easily share insights. Nucleus has found that companies leveraging a unified platform for HCM and ERP can take advantage of connected workflows between departments to improve overall data visibility and deliver higher returns for organizations with this type of infrastructure.

OUTLOOK

Nucleus believes that Workday's up-front investments in R&D, cloud infrastructure, and marketing have significantly contributed to its long-term growth. Workday's efforts in expanding its customer base across HCM and ERP have proven to be successful, as new customer acquisitions have been the main driver of its year-over-year revenue growth. The vendor, however, is expected to face continued pressure as UKG and Ceridian further expand into the enterprise space. It will need to continue to make major investments in its functionality to insure it does not lose existing customers and is able to continue to win new business.