

The Business Value of Workday



Matthew Marden
Research Vice President,
Business Value Strategy Practice, IDC



Tony Olvet
Group Vice President,
Worldwide C-Suite and Digital Business Research, IDC



Table of Contents



CLICK ANY HEADING TO NAVIGATE DIRECTLY TO THAT PAGE.

Executive Summary	3
Business Value Highlights	3
Situation Overview	4
Workday	4
The Business Value of Workday Enterprise Management Cloud	5
Study Demographics	5
Choice and Use of Workday	6
Business Value and Quantified Benefits of Workday	8
Increased Use of Automation and Deepening Integration.....	10
Improved Data Use and Analytics	11
Benefits of Agility and Unified Platform	14
Reduced Risk and Higher Revenue.....	16
Line-of-Business Productivity Gains	18
Cost Savings and Operational Efficiencies	22
ROI Summary	24
Challenges/Opportunities	24
Conclusion	25
Appendix 1: Methodology	26
Appendix 2: Quantified Benefits of Use of Workday	27
Appendix 3: Supplemental Data	29
About the IDC Analysts	31
Message from the Sponsor	32

Executive Summary

The digital business era brings opportunity to enterprises that are making thoughtful technology deployments. As organizations continue to modernize their IT environment, executives are increasingly focused on achieving business outcomes from their technology investments, particularly during this period of economic uncertainty. This IDC Business Value study provides an in-depth examination of nine organizations that deployed Workday Enterprise Management Cloud.

IDC spoke with organizations about how they have established a platform for running finance and human resources operations with Workday. Study participants described how Workday has enabled them to establish more efficient business processes and improved cross-organizational collaboration, thereby capturing significantly more value with data and connected line-of-business (LOB) teams. With Workday, they have deepened use of automation and integration and improved access to information.

Based on interviews with Workday customers, IDC projects that these customers will achieve benefits worth an annual average of \$20.89 million per organization by:

- **Automating manual processes for and deepening integration** of LOB and business team solutions
- **Enhancing the flow of and visibility into operational data** for platform development efforts, analytics, and LOB team use
- **Providing a more agile and accessible platform** for development and project execution
- **Enabling faster business decisions, reducing operational risk, and scaling to meet business opportunities**, thereby generating more revenue
- **Giving LOB teams the functionality and integration they require** to carry out responsibilities more efficiently
- **Consolidating and simplifying infrastructure and platforms**, which generate benefits in terms of both direct costs and staff time requirements for management and security

Business Value Highlights

Click highlights below to navigate to content within this document.

- ↑ **358%** three-year ROI
- ➔ **13 months** to payback
- ↑ **\$53.61 million** in revenue gains per organization per year
- ↓ **36%** lower platform and infrastructure costs
- ↑ **65%** more processes automated
- ↑ **51%** faster to run data reports
- ↑ **22%** more productive analytics teams
- ↑ **44%** faster to scale to new business opportunities
- ↑ **27%** more accurate financial forecasts

Situation Overview

As more enterprises embrace digital strategies, they are prioritizing technology investments that drive innovation or allow for competitive differentiation. Technology is no longer viewed as a tool to keep the business running, but it is the foundation for building new revenue-generating experiences and products. Organizations that have recognized the value of digital anticipate maintaining or even increasing their investment in technology, even in times of economic uncertainty. IDC's research shows that CEOs are confident that technology is a powerful tool to transform, scale, and optimize businesses. Eighty-seven percent of CEOs and 75% of CXOs at global enterprises stated that they are looking to sustain or increase technology spending this year. IDC is predicting that spending on digital technology by organizations will grow at 7x the economy in 2024 as companies are compelled by market demands to grow digital business models and strengthen digital capabilities.

Remaining agile is a critical aspect of success in the digital business era. The growing complexity and ubiquity of technology within enterprises is also driving expectations for faster time to value. IDC's *2023 C-Suite Survey* found that the top pain point for CIOs is integrating different technologies across the business, and their top objective is modernizing core business applications. IDC sees a greater need for clarity on prioritizing technology investments, resource allocation, and insight into achieving business outcomes. Advanced organizations are building a digital business platform — a multilayered enterprisewide technology architecture — and integrating different systems and applications to enable use cases that ensure business competitiveness and innovation. And every organization today is exploring the capabilities of artificial intelligence (AI), particularly generative AI, across all functional areas of the business.

IT and business leaders need guidance to aid them in prioritizing and optimizing technologies and capabilities that can maximize business outcomes. Organizational leaders are looking to accelerate their journey to deliver business value. They also need proof to make the business case to continue investing in technology, particularly during times of economic uncertainty.

Workday

Workday is a cloud-based software suite that offers various applications for managing finance, human resources, spend management, planning, and analytics. Workday also allows users to customize and extend their Workday applications, integrate with third-party systems, create new user experiences, and develop new apps that work with Workday.

Workday is designed to be adaptable, secure, and intelligent, using artificial intelligence to help users make better decisions and optimize their performance.

The differentiated architecture has six defining elements:

1. **True cloud:** Single-version service
2. **Intelligent data core:** Data pipeline, data management, and data service
3. **Frameworks:** Configurable and secure
4. **Artificial intelligence (AI) and machine learning (ML):** Embedded platform approach
5. **Business-optimized developer environment:** Integrate and extend to support a multicloud architecture
6. **Personalized, omni-channel experience:** Elevate employee productivity and engagement

These six elements come together to enable enterprises to adapt and become more agile. Organizations can transform their data, reporting, and decision support to elevate and speed up decision-making. The configurable frameworks improve process and system agility and change how work is done through self-service, mobile, and business process automation. Designed as an open, interoperable, and extensible platform, Workday harmonizes technology solutions across the organization and enables organizations of any size to securely integrate, connect, and extend to address business requirements and adapt as those needs evolve.

The Business Value of Workday Enterprise Management Cloud

Study Demographics

IDC conducted in-depth interviews with IT and LOB leaders about their organizations' use of Workday solutions, including financial management and HCM. Interviews were designed to elicit an in-depth understanding of the impact of using Workday in both quantitative and qualitative terms.

Table 1 (next page) presents an overview of the demographics of interviewed organizations. As shown in **Table 1** (next page), study participants were generally large enterprises, with an average employee base of 70,860 and average annual revenue of \$21.35 billion (medians of 30,000 employees and \$6 billion in revenue). Interviewees spoke to the experiences with Workday of organizations based in North America, APAC, and EMEA, as well as various industry verticals: pharmaceutical (2), banking, financial services, healthcare, insurance, manufacturing, natural resources, and retail. Many of the interviewed Workday customers have operations across numerous country markets, which also factors into their need for a consolidated and unified platform for running their businesses.

TABLE 1
Demographics of Interviewed Organizations

	Average	Median
Number of employees	70,860	30,000
Number of IT staff	6,129	350
Number of business applications	2,631	360
Revenue per year	\$21.35B	\$6.00B
Countries	United States (6), Singapore (2), United Kingdom	
Industries	Pharmaceutical (2), banking, financial services, healthcare, insurance, manufacturing, natural resources, retail	

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Choice and Use of Workday

Study participants chose Workday after concluding that their existing business platforms and approaches no longer met their day-to-day business needs. Specifically, they realized that having a global platform that they could integrate and extend with ease across their business locations and teams was fundamental to their business success. They also required a platform that was capable of increasing automation and delivering robust workflows to minimize the chances of errors and lagging internal communications that create inefficiencies and slow down the speed of business activities.

Interviewed Workday customers provided specific examples of their selection considerations:

Robust full life-cycle platform:

“The reason we chose Workday is that it is an enterprise system that supports both domestic and international capabilities for large employers ... It is a very robust system that does everything, what we would refer to as a full life-cycle platform.”

Improved performance and cost-to-value proposition:

“We chose Workday because we had [another solution] previously, and it was error prone and, expensive to maintain and required costly upgrades.”

Strength of Workday as a global enterprise solution:

“The other solutions we considered were not close enough to Workday in terms of offering a global enterprise solution — Workday offers everything in a one-stop shop, such as integrated recruiting capabilities.”

Table 2 demonstrates the centrality of Workday to interviewed organizations’ business operations. Study participants reported that substantial numbers of employees (41,971 on average) and business locations (1,900 on average) rely on Workday as a day-to-day business platform. Further, they reported that an average of 136 departments use Workday and that nearly all of their revenue connects back to Workday in one way or another (98% of revenue on average).

TABLE 2
Workday Use by Interviewed Organizations

	Average	Median
Number of internal users of applications	41,971	25,000
Number of departments	136	16
Number of business sites	1,900	110
Percentage of revenue	98	100

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Study participants also provided details about the lines of business and IT teams that rely on Workday. As shown in **Table 3**, interviewed Workday customers reported significant cross-functional use of Workday, with hundreds or even thousands of employees using Workday on line-of-business teams such as finance, human resources, and sales but also data-focused and IT teams that include analytics and development teams (see **Table 3** for additional details).

TABLE 3
Teams Using Workday, Number of Users per Organization

	Average	Median
Finance and accounting	344	250
HR/human capital management	263	215
Analytics	371	60
IT teams (non-developers)	207	100
DevOps and developers	116	20
Manufacturing	1,658	975
Marketing	759	104
Sales	2,033	225

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Business Value and Quantified Benefits of Workday

Interviewed Workday customers described the value of establishing an agile, efficient, and robust business platform. They reported that Workday enables better use of data in support of business activities and enhanced cross-organizational collaboration. As a result, they not only run their businesses in a more efficient and cost-effective way but are better positioned to serve their customers.

Interviewed Workday customers summarized the most significant impact of use:

Uplevels teams from day-to-day documentation:

“On the business side, our teams see Workday as a substantial value; for example, the strong performance of Workday means that they’re spending less time on the minutia of documentation for payroll processing and performance management.”

Benefits of end-to-end business processes:

“Workday provides true end-to-end processes, so there is integration from the beginning to the end of processes because there is more automation, it is more digital, and it is fully in the cloud.”

Better analytics reporting leading to more accurate forecasts:

“With Workday, we get more real-time, more transparent analytics reports on our top-line sales ... In terms of the quality of reporting, Workday is more accurate and complete because it’s all integrated.”

These benefits lead in many cases to significant cross-organizational gains in efficiency and performance. For example, one interviewed Workday customer explained: *“We did an ROI on people management with Workday and found that it was saving around 30% of work time, work effort, work energy, and number of hours for the same responsibilities.”*

IDC quantifies the value achieved by interviewed Workday customers at an annual average of \$20.89 million per organization in the following areas (see Figure 1, next page):

Business productivity benefits:

Workday brings significant value for study participants in business-related gains such as more effective analytics teams, increased productivity levels for various LOB teams, and higher net revenue. IDC puts the value of higher net productivity and revenue at an annual average of \$16.22 million per organization.

IT staff productivity benefits:

Workday enables more effective development activities and reduces the day-to-day burden on database and IT administrators. On average, IDC values resultant productivity gains and staff time savings as worth \$2.10 million per year.

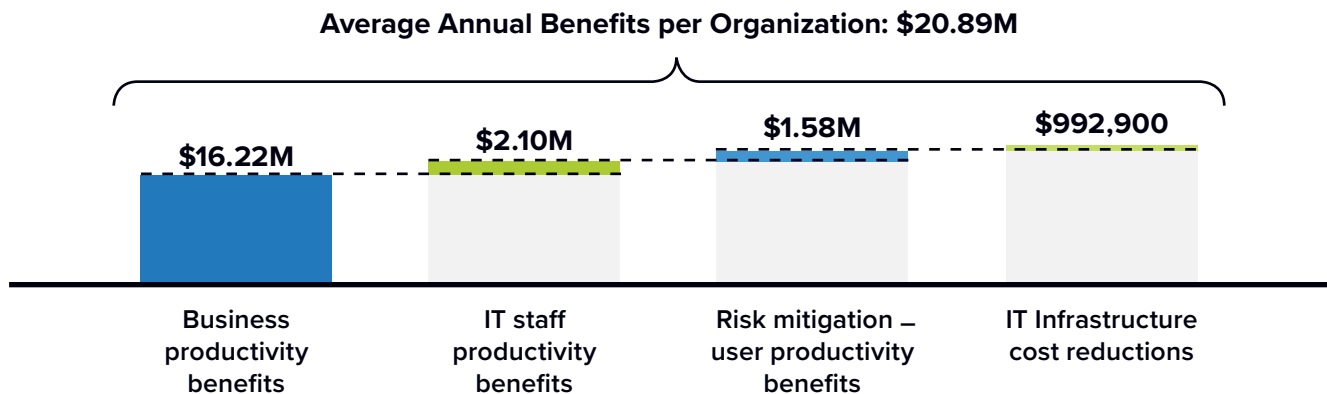
Risk mitigation benefits – user productivity gains:

Workday serves as a more stable and reliable business platform, thereby limiting the impact of unplanned outages and business activities. IDC estimates that study participants will realize an annual average of \$1.58 million per year in higher productivity and revenue.

IT infrastructure cost reductions:

Workday serves as a cost-effective cloud platform that reduces infrastructure-related costs and provides licensing efficiencies for study participants. IDC calculates that study participants will save \$0.99 million per year per organization with Workday.

FIGURE 1
Average Annual Benefits per Organization
 (\$ per organization)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023
 For an accessible version of the data in this figure, see [Figure 1 Supplemental Data](#) in Appendix 3.

Increased Use of Automation and Deepening Integration

For study participants, many of the operational benefits of using Workday begin with its automation and integration capabilities. With study participants’ previous and often disparate solutions, they struggled to provide the high-performing and consolidated business platforms their organizations increasingly require. This resulted in the continued presence of organizational silos and business processes that required manual intervention. In turn, these factors limited their ability to share and use data in a cross-organizational manner, and reliance on manual processes not only ate up significant amounts of staff time but undermined efforts to limit data-related errors.

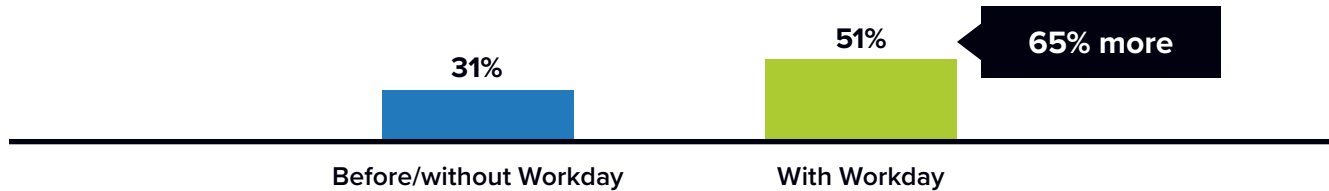
Study participants reported making substantial strides in integrating and automating their business processes with Workday and are reaping benefits from these improvements. One interviewed Workday customer explained: *“We’ve automated hundreds of manual journal entries with Workday, saving millions of dollars of staff time, not to mention error-prone processes. The business is more flexible and cheaper by millions over the years. Also, we’re able to react to things that we couldn’t react to before.”*

As shown in **Figure 2**, interviewed organizations have deepened automation with Workday, increasing the percentage of business processes automated by an average of 65%.

FIGURE 2

Impact on Process Automation

(% of business processes automated)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Improved Data Use and Analytics

Study participants described a consistent pattern in which Workday allows them to move operational data across their organizations, increase visibility into operational data, and ultimately generate more value through applying data-driven insights to business operations. These data-related gains tie to both increased platform functionality related to data and higher-quality data outputs.

For example, study participants spoke about how they can now infuse analytics activities with AI and other newer technologies while benefiting from enhanced platform capabilities and breadth with Workday:

Bringing AI into analytics:

“We are now developing more advanced analytics based on AI with Workday ... We’re beginning to take advantage of the capabilities of this new AI model.”

Significant increase in reporting capabilities and functionalities:

“We have the capability with Workday to run so many more reports ... Workday has its own reporting built into it, so we don’t port the data anywhere, so we can create and run ad hoc production reports for analytics in HR and finance.”

Leveraging unified data to provide better understanding of employees and talent:

“We use Workday to provide analytics on talent, performance management, and development management at a global scale ... The most important value that we derive from Workday is having a one-stop solution and having our data in one place for our people and talent.”

Figure 3 shows important ways in which Workday has positively affected study participants' ability to use and handle data, including:

- **Increased capacity to run reports**, with 51% more reports on average, reflecting greater platform bandwidth
- **Higher-quality data and reports**, with 44% fewer instances of low data quality, which can result in poor business decisions or remediation costs
- **Faster data audits**, with interviewed organizations moving 22% faster on average, thereby being able to confirm the quality and accuracy of data more readily
- **Greater volume of data reports**, with 19% more data reports reaching business decision makers and others requiring data-driven insights

FIGURE 3
Impact on Data Reporting and Quality
(% benefit with Workday)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Teams responsible for working with and creating value with data gain from the enhanced functionality, breadth, and quality of the Workday platform. Study participants reported that they don't have to spend as much time handling and integrating data and trying to set up processes for creating reports.

One study participant explained: *“Our business intelligence as related to our staff increased at least 10 times with Workday because we see trends on employee turnover that we weren’t able to see well previously.”*

Table 4 demonstrates how Workday has enabled various analytics teams at interviewed organizations, including data scientists, business intelligence teams, and business analyst teams.

While these teams have slightly different remits, they share a common objective of taking operational data and turning it into impactful insights or integrating it into broader business and development processes.

IDC calculates that these teams gain from 19% to 27% higher productivity with Workday, resulting in an average productivity gain of 22% for these teams (see **Table 4** for details).

TABLE 4
Impact on Productivity of Analytics Teams

	Before/ Without Workday	With Workday	Difference	Benefit
Data scientists				
Equivalent productivity (FTEs per organization)	70.00	85.00	14.00	20%
Value of equivalent productivity (\$ per year)	\$4.93M	\$5.94M	\$1.01M	20%
Business intelligence teams				
Equivalent productivity (FTEs per organization)	122.00	155.00	33.00	27%
Value of equivalent productivity (\$ per year)	\$8.54M	\$10.82M	\$2.28M	27%
Business analyst teams				
Equivalent productivity (FTEs per organization)	132.0	157.0	25.0	19%
Value of equivalent productivity (\$ per year)	\$9.23M	\$10.96M	\$1.73M	19%
Total				
Equivalent productivity (FTEs per organization)	324.0	396.0	72.0	22%

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Benefits of Agility and Unified Platform

Study participants have also achieved value in running and expanding their businesses due to increased agility and centralization provided by Workday. Prior to Workday, they sometimes struggled to extend their business platforms to new users or locations, which exerted friction on opportunities for expansion and growth. However, with cloud-based Workday being used across more of their business departments, they have significantly limited platform-related inefficiencies.

Interviewed Workday customers provided examples of more readily extending platform access to match business needs:

Agility of prebuilt templates for business expansion:

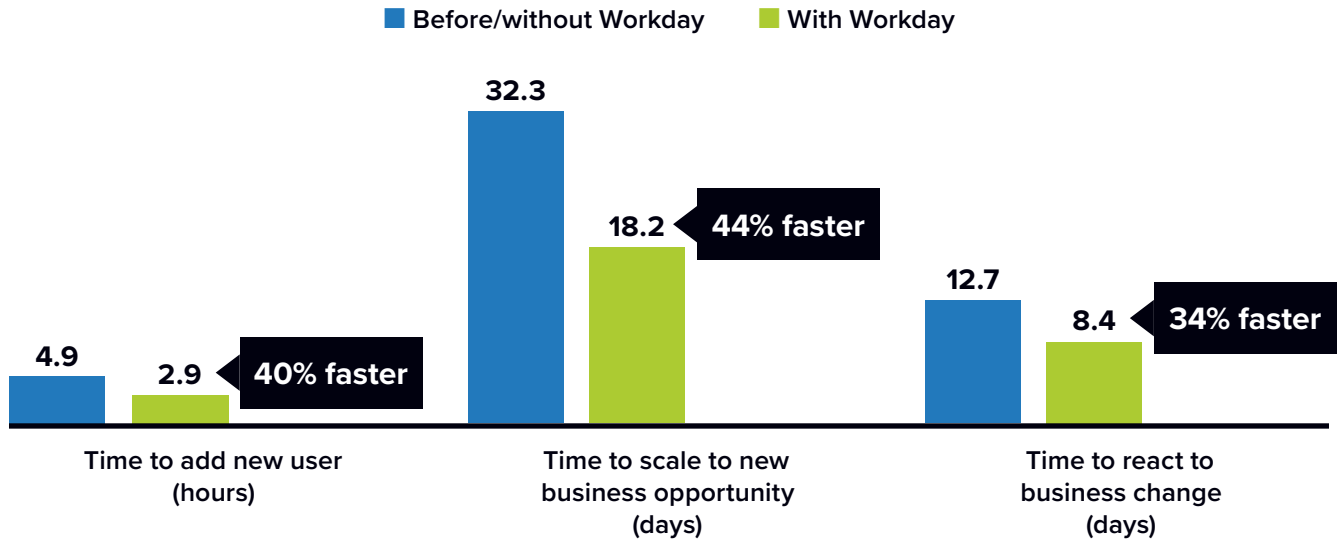
“With Workday, we have on-demand capacity to expand or reduce our utilization depending on the business case. When we open new locations, now that our systems are integrated with Workday, we have predefined templates that we use to deploy HR and payroll systems for these locations.”

Value of consolidation and integration:

“The operational benefit of using Workday is having a consolidated system, an integrated solution, and the ability to integrate at the global level across our business operations.”

Figure 4 (next page) provides an overview of the impact of using Workday in terms of agility-related metrics. As shown in **Figure 4** (next page), study participants have gained both at the individual user level, requiring 40% less time to provide access to a new user, and the broader business level, scaling Workday to new business opportunities a strong 44% faster and reacting to business changes 34% faster. These agility-related benefits help to put study participants in a better position to address customer demand and serve their customers as their needs change.

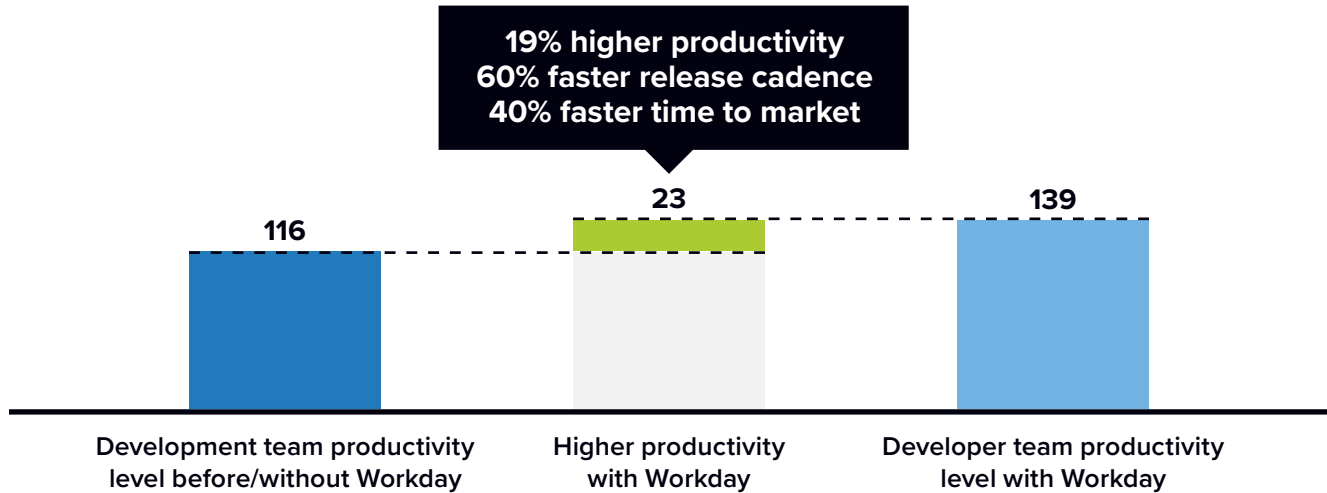
FIGURE 4
Impact on Agility
 (Number of hours/days)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023
 For an accessible version of the data in this figure, see [Figure 4 Supplemental Data](#) in Appendix 3.

Study participants run significant portions of their business operations on Workday. This makes the ability to deliver new and updated functionality related to the platform very important. For developers, the ability to leverage the platform’s capabilities as well as flexibly access capacity drives significant efficiencies. In turn, these efficiencies translate to greater developer effectiveness measured in terms of both throughput and speed; IDC calculates that the typical release cadence is almost three weeks faster with Workday (60% faster) and the typical overall time to release a new application or feature is 2.7 weeks earlier (40% faster). These gains mean that development teams that work on or adjacent to their organizations’ Workday platforms perform better (see **Figure 5**, next page). On average, IDC calculates that they achieve 19% higher productivity levels, a significant area of value for interviewed organizations given the substantial development activities they undertake.

FIGURE 5
Impact on Development Team Productivity
 (Equivalent development team productivity, FTEs)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023
 For an accessible version of the data in this figure, see [Figure 5 Supplemental Data](#) in Appendix 3.

In addition to more effective development, study participants connected the use of Workday to better project execution, which often contributes directly to delivery timeliness and customer satisfaction. On average, they reported shaving 1.5 weeks off per project (36% faster project completion on average), which increases their overall capacity by a commensurate 36% (136 more projects completed per year on the Workday platform on average).

Reduced Risk and Higher Revenue

Study participants reported that Workday has provided a higher-performing business platform that has reduced operational risk in terms of both availability and compliance. One study participant explained the compliance-related benefit: *“Workday has streamlined our compliance process significantly because of platform consolidation. Our auditors used to require six weeks to prepare for regulatory activities, and now they only take two weeks.”* Further, customers interviewed reported experiencing fewer unexpected platform outages of shorter duration (79% fewer outages, 29% faster resolution), which helps them greatly limit business-related losses due to unplanned downtime (86% lower on average, see **Table 5**, next page).

TABLE 5
Unplanned Downtime and Performance Impact

	Before/ Without Workday	With Workday	Difference	Benefit
Number of unplanned outages per year	6.5	1.4	5.1	79%
Mean time to repair (hours)	8.0	5.7	2.3	29%
Hours of productive time lost per user per year	1.4	0.2	1.2	86%
Productivity loss per year in FTEs per organization	31.2	4.5	26.7	86%
Value of lost productivity time per organization per year	\$2.18M	\$313,400	\$1.87M	86%

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Study participants also strongly linked their use of Workday to improved business results. They noted that Workday has provided differentiation in their ability to operationalize data in support of business opportunities and activities and enabled them to move more readily to meet their prospects and customers where they are.

Interviewed Workday customers provided specific examples of the direct business impact for them:

Informed decisions based on real-time data driving better business results:

“We can make informed business decisions based on real-time data with Workday, for example, understanding customer behavior for sales ... to take actions to minimize gaps. This increases revenue top line — we have 1–2% higher revenue because of Workday.”

Enables focus on revenue-generating activities:

“Workday helps us realize more revenue because it gives people more time to do their jobs — we’ve probably seen around a 10% revenue gain ... It’s a combination of time savings and better data analytics.”

Faster to launch new business units:

“With Workday, we’re able to open new business units faster. Depending on the complexity, it takes around one to two months, compared with more like six months previously.”

Table 6 reflects the importance of business enablement to study participants through their use of Workday. On average, interviewed Workday customers linked revenue gains of \$53.61 million per organization on their organizations’ use, as they establish and maintain differentiation in terms of serving their customers in very competitive markets.

TABLE 6
Business Productivity Benefits — Higher Revenue

	Per Organization	Per 100 Employees
Higher revenue per year	\$53.61M	\$75,700
Assumed operating margin	15%	15%
Higher net revenue per year	\$8.04M	\$11,300

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Line-of-Business Productivity Gains

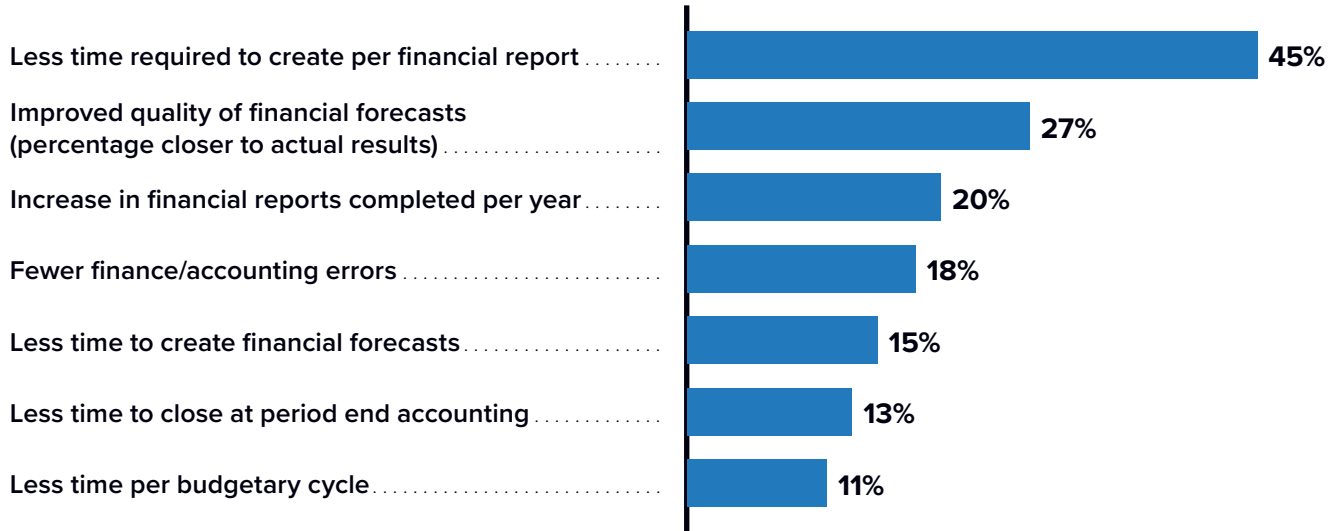
Study participants further linked their use of Workday to efficiencies and higher productivity levels for many teams and departments on the platform. While Workday is often associated with finance and human resources teams, interviewed customers attributed better performance to its use for teams that also included manufacturing, marketing, and sales teams, among others.

As these teams become more productive, they deliver more relative value to their organizations, which makes Workday customers more operationally efficient across the entire scope of their business operations.

While interviewed Workday customers reported a consistent positive impact across a number of common teams (see **Figure 6**), their finance teams benefit very directly from the strong functionality and improved data quality provided by Workday.

As shown in **Figure 6** (next page), this results in improvements in a wide variety of finance team–related KPIs, including needing significantly less time to create a financial report (45% faster) and improving the quality of financial data used to make business decisions (27% closer to expected forecasts).

FIGURE 6
Impact on Finance-Related KPIs
 (% efficiency with Workday)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Table 7 (next page) shows the significant positive impact for finance teams that also include accounting and accounts payable teams of using Workday. Study participants consistently reported productivity gains of around 14–15% for these teams and a significant average productivity gain of 12% for all finance-related employees using the Workday platform.

TABLE 7
Impact on Finance Teams

	Productivity Gain with Workday	Percentage
Finance teams		
Productivity gain per organization	13 FTEs	14%
Value of net productivity gain per organization	\$890,100	14%

Continued next page >

	Productivity Gain with Workday	Percentage
Accounting teams		
Productivity gain per organization	17 FTEs	15%
Value of net productivity gain per organization	\$1.19M	15%
Accounts payable teams		
Productivity gain per organization	11 FTEs	14%
Value of net productivity gain per organization	\$709,700	14%
Total		
Productivity gain per organization	40 FTEs	12%
Value of net productivity gain per organization	\$2.79M	12%

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Interviewed Workday customers reported that team efficiencies went well beyond their finance operations. Many of them described benefits to their human resources teams, with one organization noting the extent to which Workday has enabled efficient growth: *“When we first started with Workday, we had about 17,000 employees and now we’re almost at double that. This means that our HR team is supporting more employees, with roughly the same amount of people.”* This has resulted not only in operational improvements, such as being able to make new hires an average of 39% faster, but average productivity gains of 19% for HR teams, reflecting increased capacity and capabilities to support business operations.

Table 8 (next page) provides an overview of how the use of Workday has positively affected other line-of-business teams, including manufacturing, marketing, and sales teams. These teams are typically at the center of study participants’ efforts to engage with and deliver to their customers, which makes these gains especially valuable and a direct contributor to revenue gains discussed previously. One interviewed Workday customer summed up the overall operational impact of its use across various teams: *“We’re around 7% more operationally efficient with Workday, which is worth \$10–11 million per year, because new hire on/offboarding is easier and we’re able to better ensure employee productivity.”*

As shown in **Table 8**, study participants reported productivity gains ranging from 5% to 7% for manufacturing, marketing, and sales teams through the use of Workday.

TABLE 8
Impact on Other LOB Teams

	Productivity Gain with Workday	Percentage
Manufacturing teams		
Productivity gain per organization	88 FTEs	5%
Value of net productivity gain per organization	\$926,100	1%
Marketing teams		
Productivity gain per organization	52 FTEs	7%
Value of net productivity gain per organization	\$544,500	1%
Sales teams		
Productivity gain per organization	139 FTEs	7%
Value of net productivity gain per organization	\$1.46M	1%
Total		
Net productivity gain per organization	42 FTEs	1%
Value of net productivity gain per organization	\$2.93M	1%

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Cost Savings and Operational Efficiencies

In addition to the significant operational and business gains already discussed in this study, interviewed customers reported lowering the cost of deploying and operating their business platforms with Workday. On the cost side, they have moved from models that often required buying and running datacenter equipment and multiple tools to a single, cloud-based provisioning model with Workday.

This provides them the benefit of not only avoiding provisioning and purchasing cycles associated with on-premises infrastructure but moving to operational cost models that can more closely track their actual business needs.

Study participants provided examples of these cost- and operational-related benefits:

Significant infrastructure consolidation with flexible cloud model:

“We have a dispersed operational footprint, so reaching those locations through the cloud with Workday is important ... With Workday, we’ve retired almost 200 servers and 50 storage arrays.”

Strong functionality of Workday enabling cost and staff savings:

“If we had stayed with our previous solution, we would have needed a third-party tool, which would have been at least \$150,000–200,000 per year. We also would have needed staff time to manage the integration, which would have been 50–60 people for around 40% of their time.”

Driver of broader cloud adoption:

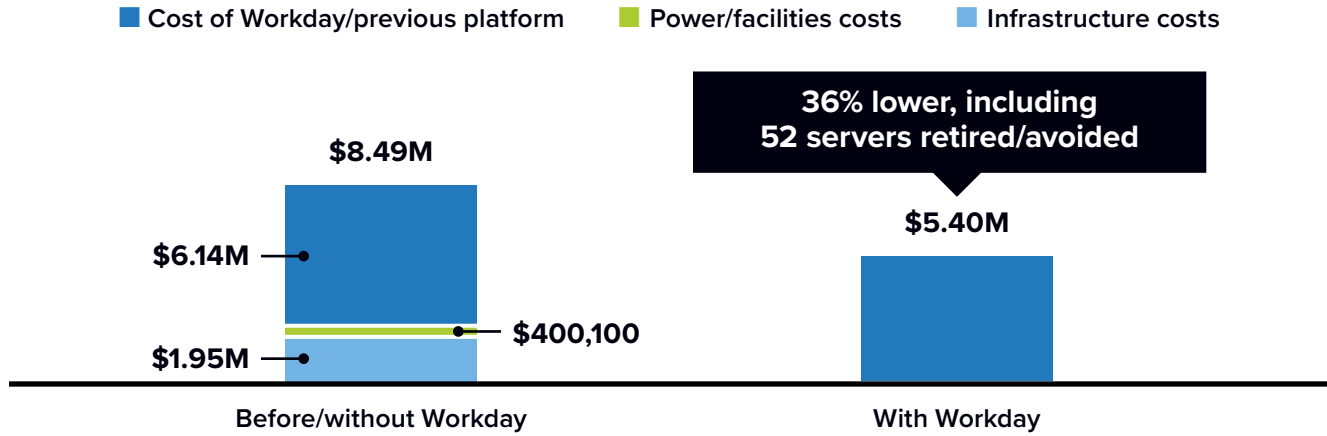
“Workday was one of our first universal applications in the cloud, so it set the trend for us to be comfortable looking at cloud-based hosting ... We retired seven big servers that cost around \$85,000 each with Workday.”

The cost efficiencies related to infrastructure and licensing costs achieved by Workday customers are shown in **Figure 7** (next page). IDC calculates that study participants incur 36% lower costs with Workday than to run a platform of equivalent scope, saving an average of more than \$3 million over three years (see **Figure 7**, next page). Study participants not only avoid infrastructure costs of an average of \$1.95 million but also benefit from consolidating on the Workday platform and thus incurring lower overall licensing costs.

FIGURE 7

Three-Year Infrastructure Costs

(Cost per organization over three years)



n = 9; Source: IDC Business Value In-Depth Interviews, October 2023
 For an accessible version of the data in this figure, see [Figure 7 Supplemental Data](#) in Appendix 3.

In addition to direct cost savings, study participants linked their use of Workday to infrastructure and security team efficiencies.

This not only lowers the relative cost of using Workday but opens these valuable team members’ time up to take on new or innovative project work. Interviewed Workday customers spoke to these efficiencies:

Benefits of a higher-quality and cloud-based platform:

“The quality of the Workday platform and running it in the cloud instead of on premises mean that staff time previously used to maintain our datacenter has now been reallocated to do other things.”

Reduced platform costs and staff time requirements:

“We were using different tools across divisions before Workday. We were spending twice as much in total ... We also needed 50% more staff time to manage that environment.”

Security team efficiencies due to consolidation and integration:

“Our security team consists of 12 team members, and they need about 10% of their time on average to secure our Workday environment; before, it was the same 12 team members, but it took about 20% of their time because we had three different systems.”

On average, IDC calculates that study participants have achieved 9% efficiencies for their infrastructure teams and 25% for their security teams with Workday.

ROI Summary

Table 9 provides IDC’s analysis of the benefits and investment costs for study participants of using Workday Enterprise Management Cloud solutions. IDC calculates that they will realize total discounted benefits worth an average of \$48.13 million over three years in cost savings, staff efficiencies and productivity gains, and higher net revenue. These benefits compare with total three-year discounted investment costs of \$10.51 million. Based on these benefits and investment costs, IDC projects that study participants will achieve an average three-year ROI of 358% and break even on their investment in Workday in 13 months on average.

TABLE 9
Three-Year ROI Analysis

	Average per Organization	Average per 100 Employees
Benefit (discounted)	\$48.13M	\$67,900
Investment (discounted)	\$10.51M	\$15,000
Net present value (NPV)	\$37.62	\$53,100
Return on investment (ROI)	358%	358%
Payback period	13 months	13 months
Discount rate	12%	12%

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Challenges/Opportunities

As organizations make the investments to advance and scale their digital initiatives, business leaders will need to make critical decisions around how and where to spend on technology. These decisions will need to be informed by the strategic plans of functional leaders. Success will depend on the alignment of IT and business stakeholders, including the CEO and the CFO. The promise of the technology being implemented must be aligned with the outcomes that line-of-business leaders are seeking; ensuring that priorities are in lockstep will set the stage for successful implementation. This includes having shared understanding of objectives and selecting the right KPIs to measure success.

Take a holistic approach when investing in a cloud platform. Technology is only one part of the equation. The right skills, culture, and organizational processes must be in place to realize the most value from these investments. The common characteristics of successful digital businesses start with having a digital-first strategy in place, one that connects to all areas and ventures of an organization. Organizations that have these digital-first strategies often have top-down support from the C-suite and CEOs. Executives are giving the directive to use technology to compete, create digital innovation programs that deliver tangible outcomes at scale, and create quantifiable business value from digital endeavors.

When making strategic technology investments and selecting partners, seek vendors that will invest in being a trusted advisor. The digital business era brings new opportunities to accelerate the launch of new business models — and this is only possible with new ideas, talent, and innovations that may not reside within your organization. Work with partners that share your values and vision; spend the time to truly understand your business; can deliver technology, skills, and resources; and have the experience to back up their business value claims. Ultimately, it will be these partners that will help unlock new value in your organization.

Conclusion

Organizations increasingly consider their technological investments from the perspective of how they will affect their business operations and outcomes. IDC's research shows that successful organizations make IT investment decisions to establish a digital business platform with greater automation and deeper integration across systems to enable use cases that support and improve competitive positioning. In this study, IDC assessed the impact for organizations of using solutions from the Workday cloud-based software suite, including finance and HR solutions, to establish a core platform for running their business operations.

Interviewed customers commonly described choosing to implement Workday solutions after concluding that their existing business and IT infrastructures could no longer provide the agility, integration, and ease of extension they required. With Workday, they have put in place a platform that provides the agility, efficiency, and performance that their modern businesses require. As a result, they can move data across their organizations and collaborate to fuel improved performance, address business opportunities, and provide an improved customer experience. IDC's research shows that interviewed Workday customers realize significant net revenue and productivity gains for finance, HR, and other LOB teams through the use of the platform, alongside cost and operational efficiencies. These benefits combine to create a strong return for study participants on their investment in Workday, with IDC calculating that they will realize an average three-year 358% ROI and payback in slightly more than one year.

Appendix 1: Methodology

IDC's standard Business Value/ROI methodology was utilized for this project. This methodology is based on gathering data from organizations currently using Workday Enterprise Management Cloud solutions as the foundation for the model.

Based on interviews with organizations using Workday, IDC performed a three-step process to calculate the ROI and payback period:

- 1. Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using Workday.** In this study, the benefits included IT infrastructure cost savings, IT staff and development team efficiencies and productivity gains, reduced costs associated with risk, and higher revenue.
- 2. Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Workday and can include additional costs related to migrations, planning, consulting, and staff or user training.
- 3. Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Workday over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For the purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- IDC applies a net margin assumption (15%) for revenue gains and certain user productivity benefits attributed to interviewed organizations’ use of Workday resulting in the net revenue and productivity calculations applied to IDC’s model.
- Because the use of Workday requires a deployment period, its full benefits are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Appendix 2: Quantified Benefits of Use of Workday

Table 10 provides a breakdown of the different areas in which IDC quantified value related to study participants’ use of Workday solutions. IDC projects that total average annual benefits over three years will equal \$20.89 million per interviewed Workday customer (see Table 10).

TABLE 10
Annual Quantified Financial Benefits

Category of Value	Average Quantitative Benefit	Calculated Average Annual Value
IT infrastructure equipment cost savings	52 servers retired avoided, cost of \$1.50M, avoid 10% maintenance per year	\$648,500
IT infrastructure power/facilities cost savings	Avoid power/facilities costs of \$133,400 per year	\$97,300
Solution/platform annual cost savings	12% lower cost, saving \$247,100 per year	\$247,100

Continued next page >

Category of Value	Average Quantitative Benefit	Calculated Average Annual Value
Security team efficiencies	25% more efficient, worth 1.2 FTEs, \$100,000 salary	\$84,900
Infrastructure team efficiencies	9% more efficient, worth 2.3 FTEs, \$100,000 salary	\$169,800
DBA team efficiencies	18% more efficient, worth 2.7 FTEs, \$100,000 salary	\$196,300
Development team productivity gains	19% more productive, worth 23 FTEs, \$100,000 salary	\$1.65M
Unplanned downtime — productivity gains	86% less unplanned downtime, worth 26.7 FTEs, \$70,000 salary	\$1.36M
Compliance team efficiencies	8% more efficient, worth 4.3 FTEs, \$70,000 salary	\$217,900
Higher net revenue	\$53.61M higher revenue, 15% margin assumption	\$5.87M
HR team productivity gains	19% higher productivity, worth 49 FTEs, \$70,000 salary	\$2.52M
Finance team productivity gains	12% higher productivity, worth 40 FTEs, \$70,000 salary	\$2.04M
Other LOB productivity gains	0.9% higher net productivity, worth 42 FTEs, 15% margin assumption	\$2.14M
Data analytics team productivity gains	22% higher productivity, worth 72 FTEs, \$70,000 salary	\$3.66M
Total annual benefits	\$20.89M per organization	

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023

Note: All numbers in this document may not be exact due to rounding.

Appendix 3: Supplemental Data

This appendix provides an accessible version of the data for the complex figures in this document. Click “Return to original figure” below each table to get back to the original data figure.

FIGURE 1 SUPPLEMENTAL DATA

Average Annual Benefits per Organization

	Business Productivity Benefits	IT Staff Productivity Benefits	Risk Mitigation – User Productivity Benefits	IT Infrastructure Cost Reductions
Business productivity benefits	\$16.22M			
It staff productivity benefits		\$2.10M		
Risk mitigation – user productivity benefits			\$1.58M	
It infrastructure cost reductions				\$992,900

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023.

[Return to original figure](#)

FIGURE 4 SUPPLEMENTAL DATA

Impact on Agility

	Before/Without Workday	With Workday
Time to add new user to Workday platform	4.9 hours	2.9 hours
Time to scale to new business opportunity (days with Workday)	32.3 days	18.2 days
Time to react to business change (days with Workday)	12.7 days	8.4 days

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023.

[Return to original figure](#)

Appendix 3: Supplemental Data (continued)

FIGURE 5 SUPPLEMENTAL DATA

Impact on Development Team Productivity

	Baseline Productivity	Higher Productivity
Development team productivity level before/without Workday	116 FTEs	
Higher productivity with Workday		23 FTEs
Developer team productivity level with Workday	139 FTEs	

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023.

[Return to original figure](#)

FIGURE 7 SUPPLEMENTAL DATA

Three-Year Infrastructure Costs

	Before/Without Workday	With Workday
Cost of Workday/previous platform	\$6.14M	\$5.40M
Power/facilities costs	\$400,100	\$0.00
Infrastructure costs	\$1.95M	\$0.00

n = 9; Source: IDC Business Value In-Depth Interviews, October 2023.

[Return to original figure](#)

About the IDC Analysts



Matthew Marden

Research Vice President, Business Value Strategy Practice, IDC

Matthew is responsible for carrying out custom business value research engagements and consulting projects for clients in a number of technology areas with a focus on determining the return on investment of their use of enterprise technologies. Matthew's research often analyzes how organizations are leveraging investment in digital technology solutions and initiatives to create value through efficiencies and business enablement.

[More about Matthew Marden](#)



Tony Olvet

Group Vice President, Worldwide C-Suite and Digital Business Research, IDC

Tony Olvet is Group Vice President, Worldwide C-suite and Digital Business Research at IDC. His team's global research focuses on the connection between business transformation and digital investments across enterprises. Tony's analysis and insights help vendors, IT professionals, and business executives make fact-based decisions on technology strategy and digital business.

[More about Tony Olvet](#)

Message from the Sponsor



Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world.

Workday applications for financial management, human resources, planning, spend management, and analytics are built with artificial intelligence and machine learning at the core to help organizations around the world embrace the future of work. Workday is used by more than 10,000 organizations around the world and across industries – from medium-sized businesses to more than 50% of the Fortune 500.

For more information about Workday, visit [workday.com](https://www.workday.com).

IDC Custom Solutions

IDC Custom Solutions produced this publication. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis that IDC independently conducted and published, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. This IDC material is licensed for external use and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.



IDC Research, Inc.
140 Kendrick Street, Building B, Needham, MA 02494, USA
T +1 508 872 8200

[X @idc](#)

[in @idc](#)

[idc.com](#)

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives.

©2024 IDC. Reproduction is forbidden unless authorized. All rights reserved. [CCPA](#)