



ADAPT, INNOVATE AND THRIVE IN PROFESSIONAL SERVICES

WORKDAY UNDERSCORES ITS COMMITMENT TO TALENT OPTIMIZATION

INTRODUCTION

The global economy is working hard to get back to “*normal*”, and if Workday Rising 2022 is anything like it, optimism should exist. The conference was a lot like the economy as it stands today. Rising had over 19,000 attendees, both in-person and virtual, highlighting choices in how organizations attend meetings in 2022 and probably for years to come. It was the 14th annual Workday Rising conference and highlighted how over 60mm workers use Workday every day. With \$5.14 billion in revenue in 2022, and projections of over \$6 billion in 2023, Workday is well on its way.

Workday grew during the pandemic. With nearly than 17000 employees, the ISV is building for the future. And with 95%+ customer satisfaction, it will continue to build its workforce.

Workday announced a range of new innovations and initiatives designed to help support customers in the *changing world of work*. The announcements included new capabilities to help elevate the office of finance, ways to create more personalized employee experiences, and establish a more open and connected Workday to help companies adapt and thrive in today's dynamic environment.

While Workday builds and supports applications for many markets, SPI Research will focus this Research Note on the Professional Services (PS) market.

EVERY COMPANY IS A TECH COMPANY!

Few would argue the importance of information technology in every industry. Accenture's CEO Julie Sweet commented “Every business is a digital

business.” Companies that have not moved to become more digital, will likely fall behind.

Professional services organizations understand this as well as any and work with their client base to ensure long term growth and prosperity. She also commented how skills will dictate the next several decades as organizations have moved beyond materials and money to people and processes. SPI Research could not agree more!

Workday announced its plans to expand its services ecosystem, help speed cloud transformation efforts, and new technology and user experience (UX) innovations aimed at helping its customer community quickly adapt to meet ever-changing business and employee needs.

THE DATA-DRIVEN WORKFORCE

Data-driven and people-driven sound very opposite, but somehow Workday makes it work. Professional services organizations, like all other markets, have increased their use of data in decision making. Workday has made several innovations including enhanced automation and machine learning to help organizations and their people make decisions efficiently. These innovations are particularly important in the finance department as PSO's are working to improve the accuracy and reporting of all the financial data.

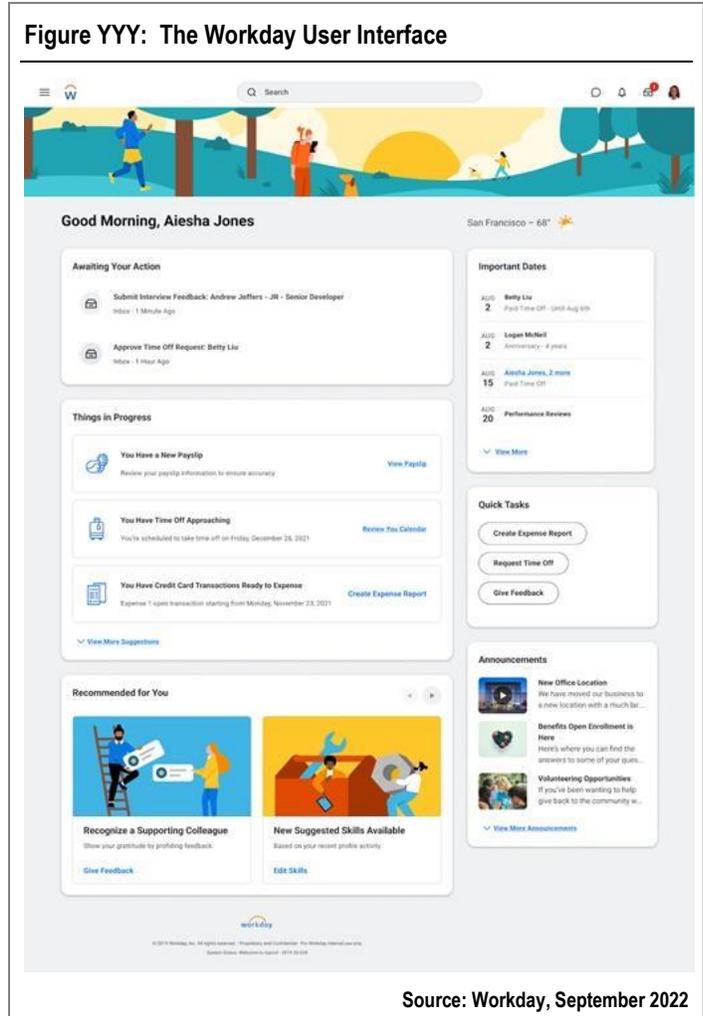
Workday also invested heavily on its financial planning capabilities. SPI Research has frequently encountered PSO's that do not plan accurately and adapt quickly to changing conditions fail to achieve their desired financial results. Workday has added several capabilities including:

- Δ ML Forecaster in Workday Adaptive Planning, which automatically generates a comprehensive and insightful forecast by allowing users to incorporate historical or third-party data such as weather data or labor statistics.
- Δ Contract search automation in Workday Strategic Sourcing, which automatically extracts key metadata and clauses from third-party paper and legacy contracts to more quickly and accurately identify and search key contract terms, uncover risks, and manage contract obligations.
- Δ Expense Protect in Workday Expenses, which automatically detects potential duplicate expenses, helping eliminate the need for manual review.

And not to forget Environmental, Social and Governance (ESG) goals, Workday reporting on ESG initiatives has become increasingly important and requires transparency into suppliers' data. Workday has stated “with new Supplier Diversity discovery boards in Workday Strategic Sourcing, customers have accurate, timely data about supplier diversity ratios to help them understand, track, and make informed decisions about supplier choice. Additionally, Workday Supplier Sustainability helps customers better understand their suppliers' science-based targets, actual and derived CO2 emissions, and their ESG ratings from third-party analysts.”

EMPLOYEES ARE AT THE CENTER OF ALL ORGANIZATIONS – ESPECIALLY IN PS

In Professional Services (PS), everything begins with employees. Few would argue the world has changed over the past two years, and this change has impacted how people work. The needs today include greater information tools and the ability to communicate, collaborate and complete work remotely. These changes could be very beneficial to



Source: Workday, September 2022

professional services organizations if managed correctly. At some point there will be a balance between (not necessarily 50%) on-site and remote work, but regardless, consultants must be able to work remotely as efficiently as they do on-site.

SPI Research has seen the percentage of revenue spent on employees rise over the past five years. This cost has cut into organizational profits. The problem is in professional services, the people are the materials and the product. High-level talent is not only difficult to find, hire, train and retain, it is expensive! Workday is a company that specifically focuses on employees first and has built an organization and supporting solutions to increase productivity while reducing burnout and attrition.

SKILLS CLOUD

Workday emphasized that to build a workforce with strong skills, leaders must first align organizational skills with the types of work they plan to deliver. Few organizations have room to hire individuals who do not meet the organizational strategy. The Workday Skills Cloud highlights every skill within the PSO so leaders can better understand where they are deficient, or where they have too much of a skill.

The biggest problem professional services have is finding the “right” people. With an understanding of the work and skills required going forward PS leaders can cross-train employees while they have the time. It makes no sense to reduce the workforce only to hire it back with different people – a recipe for disaster as organizational morale will suffer.

Workday stated that with the Skills cloud organizations:

- Δ Gain Richer Insight into their Workforce and Make Strategic Talent Decisions. Combining skills data from multiple sources helps organizations determine how to best leverage the resources they have, make data-driven decisions around talent and staffing, and plan for future workforce needs.
- Δ Improve Business Agility and Adapt to Changing Business Demands. With access to accurate and timely skills data, organizations can understand what skills exist – and do not – so they can better respond to business needs.
- Δ Drive Meaningful Employee Experiences. With skills data from both Workday and external sources, organizations can connect workers with internal opportunities – such as projects, gigs, new roles, and more – to deliver more personalized experiences and help nurture career growth.

WORKDAY ENGAGE, WORKDAY EVERYWHERE, AND WORKDAY EMPOWER.

Workday continues to innovate in line with its broader experience strategy, which consists of three primary pillars – **Workday Engage, Workday Everywhere, and Workday Empower**, described below.

- Δ **Workday Engage** is an initiative focused on making work effortless through *frictionless* experiences. Workday Today, the reimagined home page now live in production for the entire Workday user base, delivers a personalized experience across devices. In the future, Workday plans to provide a dynamic home layout with drag-and-drop functionality, enabling users to design and configure their homepage.
- Δ **Workday Everywhere** is an initiative focused on bringing Workday to where people prefer to work. Employees can now view required Workday Learning courses from workspaces such as Microsoft Teams or Slack and managers can quickly approve team learning enrollments within the flow of work. In the future, Workday plans to provide managers with more detailed team insights, further helping them to focus on employee satisfaction and success.
- Δ **Workday Empower** is an initiative focused on driving hyper-personalization through machine learning (ML). With the Manager Insights Hub, a people manager can see comprehensive team information, including worker skills, along with actionable, ML-driven insights to help engage and develop employees. In the future, Workday plans to deliver ML that will make recommendations based on past actions – for example, preemptively offering to download a report for viewing based on when that specific report is typically accessed.

WORKDAY EXTEND

Workday Extend enables other organizations and developers to build applications that leverage the core of Workday. The importance is that new applications work, look and feel like Workday, so users don't even realize they are in another application.

Workday continues to build solutions to meet the needs of professional services organizations. During Rising 2022 the company announced several key capabilities to help PSO's better manage talent.

Workday has developed partnerships with solution providers to improve talent optimization. Workday Extend was designed to enable partners to build on the Workday platform. SPI Research met with several partners including:

- △ **Aisera:** the industry's first Artificial Intelligence-powered IT Service Management (AI ITSM) platform, automating service desk resolutions through an all-in-one conversational platform.
- △ **eduMe:** Mobile Training for your Deskless Workforce. Allow more new employees to become productive in less time.
- △ **Beamery:** provider of Talent Lifecycle Management – Transforming the workforce, driving digital transformation, increasing recruiter productivity, and other areas.
- △ **Paradox.ai:** a mobile-first hiring platform helping teams save countless hours on manual hiring tasks.

The goal is to connect, integrate and extend the capabilities of Workday's partners on the Workday Platform to add greater depth in specific areas and in vertical markets – including professional services.

FINANCIALS TAKE OFF

Times are changing, and financial officers within professional services now wear more hats than ever.

It is not just about counting the money anymore; it is about leading the charge to ensure the PSO optimizes capital with the talent to achieve the desired financial results. With changing business models, new technologies, rising employee costs and interest rates, the CFO must be out in front of financial decisions and have insight into their impact. Workday continues to build on its analytics to ensure timely financial information is at the fingertips of CFOs.

Due to automation and advanced analytics financial analysts can better adapt to changing conditions and understand how the changes will impact financial performance. SPI Research has stated for years that planning might be one of the most important aspects of professional services success, and PSO's with the right tools to readily adapt to changing market conditions benefit the most.

With over 1,400 financial customers Workday is climbing ahead on the professional services leadership ladder cloud ERP for services centric enterprises such as professional services.

PROFESSIONAL SERVICES AUTOMATION

Workday PSA has been commercially available for nearly eight years. While there were no major PSA announcements the solution has benefited from a more streamlined user-interface, greater skills management and better time and expense capture. For PSOs that live in PSA, the continued benefits of the Workday platform enable consultants to be more efficient and better manage their projects.

CONCLUSIONS

In unprecedented times, talent will be the key to success. But with so much uncertainty PSOs must refine their talent strategy to meet the demands ahead of them. Workday is well-positioned to help professional services organizations add value and at a decreased cost through advanced data technology.

Workday continues to be one of the leading innovators in the Enterprise Resource Planning market, especially for the Professional Services and broader services markets. The vendor's resolute focus on building scalable platforms is impressive. And because of the platform, Workday partners can add products and services with seamless integration and the ability to continually upgrade.

It's a good time to be part of the Workday family. Facing an economy that is so dependent on people, and with so few with the prerequisite skills available, and more leaving the workforce every day, Workday has dedicated its 17-year history to talent optimization. Workday Rising 2022 emphasized the vendor's commitment to this market.

Workday was already considered the market leader in HCM, and with advances in its Financials and Planning solutions it is rapidly becoming a leader in ERP for the services economy.

Service Performance Insight (SPI Research) is a global research, consulting and training organization dedicated to helping professional service organizations (PSOs) make quantum improvements in productivity and profit. In 2007, SPI developed the PS Maturity Model™ as a strategic planning and management framework. It is now the industry-leading performance improvement tool used by over 35,000 service and project-oriented organizations to chart their course to service excellence.

SPI provides a unique depth of operating experience combined with unsurpassed analytic capability. We not only diagnose areas for improvement but also provide the business value of change. We then work collaboratively with our clients to create new management processes to transform and ignite performance. Visit www.SPIresearch.com for more information on Service Performance Insight, LLC.