CASE STUDY: WORKDAY AND ENSONO

How Ensono Used Workday Finance and HR Cloud to Innovate and Save Money

One Integrated, Global System for Finance and HR Delivers Business Success

AUTHORS

R "Ray" Wang
Founder and Principal Analyst

Dr. Natalie Petouhoff
Vice President and Principal Analyst

Copy Editor: Maria Shao
Layout Editor: Aubrey Coggins

TABLE OF CONTENTS

AT A GLANCE

This case study examines Ensono's experience implementing Workday's HR and Finance enterprise applications in the cloud. Ensono provides infrastructure management services for global companies. Ensono delivers next-generation IT solutions and helps organizations plan for optimized, future infrastructures. By implementing Workday, Ensono was able to save millions of dollars by replacing many software systems with just one system, and received many other tangible benefits.

Ensono, which was part of Acxiom, is now a standalone infrastructure management partner. Formerly known as Acxiom IT, it selected a new name to cement its identity as a company capable of supporting clients well beyond

Ensono

- **Headquarters:** Downers Grove, Ill.
- **2015 Revenue:** $200 million
- **No. Employees:** 1,000
- **Industry:** Information Technology and Services
- **Other:** Privately held, founded in 1969, www.ensono.com

Business Themes

Future of Work

Tech Optimization

At a Glance	
Problems	· Dealt with a disparate hodgepodge of back office systems for its operations · Hampered by a lack of HR and Finance application integration · Battled high implementation and software maintenance costs · Struggled to find a cost-effective way to implement professional services
Solution	· Implement a global, integrated enterprise HR and Finance application in the cloud
Benefits	· Reduce the number of duplicate software applications in the organization · Reduce the number of staffers needed to maintain duplicate software · Allow IT to focus on the needs of the business versus IT maintenance · Implement a cost-effective professional services automation system · Increase the ability to attract, hire, retain and train employees · Build a culture based on an innovation mindset · Consolidation and elimination of legacy systems saved $1 million a year

the mainframe. The name Ensono is a derivation of the Zen concept "enso", which refers to strength and creativity, and the Italian expression "in sogno" which means "in dreams." Ensono's culture is based on looking at challenges from many different angles to arrive at unprecedented solutions and make unexpected connections. As Acxiom IT was rebranding itself to become Ensono, signifying its commitment to be innovative and to deliver on the brand promise, the hybrid IT solution leader also wanted to solve some internal challenges.

THE COMPANY

Ensono formerly was owned by Axiom, a digital marketing company. Purchased by private equity firms in 2015, Ensono launched its new name and strategy in January 2016, solidifying its primary business as infrastructure management for clients. Ensono now runs clients' computers in Ensono data centers, managing databases, mainframe and cloud services, AWS, Microsoft Azure, and SAP.

Ensono addresses the growing requirement of companies seeking to balance their mission-critical mainframe management with open systems support, while considering their transition options to the cloud. Ensono's mission is to guide companies considering a mainframe footprint for both traditional and new workload deployments as well as companies that want to transition to a hybrid cloud environment. Ensono implements a cost-effective solution by streamlining its client's IT operations, allowing IT managers to optimize resource allocation and maximize efficiency.

For the last 46 years, Ensono has managed business complexity, including migrations that address a wide range of challenges companies face today. To continue to be a leader in its industry, Ensono needed to update its internal software systems in the cloud in HR and Finance. Alan Cole, the vice president and controller, was looking for a solution that could replace many of the software applications Ensono used in HR and Finance as well as deliver on Ensono's innovation goals and mindset.

With the company's new name and a mainframe operations staff, Ensono began investing in sales, marketing and cloud technologies. As a $200 million-a-year company in a $100 billion industry, it was time to capture new market share. To do that, Ensono increased its capital spending in 2016, while decreasing its earnings before interest, taxes, depreciation and amortization (EBITDA) by 25 percent. This enabled the company to provide a common ticketing system and support structure for its customers.

THE CHALLENGES

While unveiling a new identity and strategy to provide next-generation IT solutions to help CIOs maximize efficiency and evolve operations to meet strategic goals, Ensono knew it needed to update its own software systems. Ensono invested in a new management team and bolstered investments in sales, marketing, and technology.

The leadership felt it was key to spend money to get the right technology platform and the right people and to create the right culture to support the ideals of the new branding. Ensono executives knew this would make the company more attractive to prospective clients and relevant to existing customers. These investments would also provide Ensono's workforce with more easily consumable resources in areas such as the cloud. So to keep the brand's promise and transform the internal culture, Ensono invested in Workday's cloud software.

THE SOLUTION

Ensono needed a tactical solution to reduce costs and improve efficiency of the IT, Finance and HR environments. Through gains in efficiency and effectiveness, Ensono could refocus talent and resources toward using new technology and services to compete in today's market.

The IT team evaluated its existing IT applications and looked at many competitors. The team chose Workday HR and Finance because these systems are connected in Workday and help create a more efficient and effective workplace.

THE IMPACT

Software-Related Savings

By using Workday HR and Finance, Ensono was able to save millions of dollars by having one software application that could perform the functions of many other software applications. Ensono removed:

- HR and Finance applications
- A separate system controlling travel and expenses which was not integrated into the previous HR and Finance applications and required separate journal entries.

Ensono also displaced:

- An HR performance management platform
- A project management and time reporting application
- A system to route capital expense approvals
- A file-sharing system

These software replacements saved Ensono over a $1 million a year. In addition to the savings from replacing software, the company was able to get rid of many of the servers required by the previous software application systems.

The Technologies

- Workday HR
- Workday Finance

Addition of PCI-Compliant Disaster Recovery Centers

Before Workday, Ensono did not have a disaster recovery system in place. By implementing Workday, Ensono was able to set up three PCI- compliant disaster recovery centers. In the past, this would have meant a separate set of equipment, costing between $75,000 and $100,000, in addition to the VM platform, costing $200,000.

Reduction in Software Customization Costs

The previous HR and Finance systems had been customized, so it was difficult to upgrade. It could take up to a year to upgrade a system, which meant Ensono was not as agile as it wanted to be. Customizations required the IT staff to make many changes to the software so that it would not fail upon upgrading and use.

Workday allowed Ensono's IT culture to move from a hyper-customization mindset and instead use the best practices from Workday for IT, HR and Finance. This changed the way

Ensono does business. Previously, the company would upgrade every three or four years, but by the time it got the upgrade installed, business had changed and the advantages of the upgrade were less valuable. The result: Ensono was falling behind on the innovation curve.

Today, Ensono gets new releases from Workday every six months, so the software stays current and everyone is on the same platform. The savings in labor from not having to customize upgrades was nearly $300,000 and savings in external contract labor was another $300,000. All this manpower previously was required to help rewrite code as part of the upgrade process.

Employee's Salaries and Productivity Gains

Because the HR and Finance systems are integrated, Ensono was able to expand the company and improve productivity without having to hire additional people.

In fact, Workday helped Ensono save money. For example, under the old system, the IT department had to make separate, additional journal entries with the bank system. With Workday in place, time and expense entries are now integrated within Workday. When Ensono's employees use their American Express cards, the charges post directly to Workday. This makes it much easier for employees to submit expense reports. Before Workday, it would take about 30 minutes to complete an expense report; now it takes less than five minutes. Given an average salary of about $80,000 and the fact that 20 percent of them travel at least once a month, there was a more than 10 percent savings in the cost of completing something as simple as expense reports.

Ensono also saved the costs of approximately two accountants because the HR and Finance systems are integrated and extra staff is not needed to double check journal entries. In addition, Ensono is achieving time savings by using Workday for payroll and taxes.

Learning Management System Advantages

Ensono is using Workday's learning management system (LMS) and its performance management application. A corporate LMS typically is used to administer and manage corporate education, which can include class scheduling, e-learning and virtual training, compliance and regulatory tracking, career and professional development as well as internal video sharing, expertise networks and knowledge management. While some learning management systems come in the form of standalone software, most companies want their LMS integrated into their other talent management applications.

Workday's LMS provided Ensono with an easy-to-use, integrated learning experience with video and online content integrated into the flow of work, where and when needed. What's more, Workday is developing a way to facilitate learning by looking at what an employee's mentors or highly successful peers have done in order to replicate their career and learning

successes so that employees can find their own path to success.

Performance Management Capabilities

Workday's performance management system supports the full review process - from alignment to review to compensation - for employees worldwide. Managers needed to know more about their workforce - where employees are located, what they do, and how they are doing that work. They also need to track costs to create effective use of human capital and to track trends and the trajectory of the workforce's capabilities. As a result, managers can better analyze what is needed for the company to excel. With a workforce plan in place, Ensono managers can better determine what positions or skills are needed in the future to support the business globally and to act on strategic workforce planning.

Performance reviews at Ensono now happen once a quarter and are, therefore, more timely and relevant to the workers. More real-time feedback enhances employee performance.

In addition, the Workday performance management system is much more convenient for the managers preparing performance reviews. Previously, they would have to spend one to two hours preparing a performance review, meeting with the employee, and then inputting the performance review data into the system. Today, this process is automated by Workday and includes contextual relevant information, saving managers' time that can be spent on other important aspects of their jobs. Performance reviews are less of a burden and make talent management more proactive.

Project Management Capabilities

Ensono found that using Workday simplified the project management process. It became better at forecasting resource demand and modelling project work for more efficient resource utilization and profitable project delivery. Ensono's global, on-the-go workforce can now monitor and act on a project - even from mobile devices. This allows Ensono's managers to deliver successful, timely projects and report with a single, unified system for all

billable resources and operational workers. The Workday system projects advanced resource management needs.

Workday enables resource managers to define their desired roles and to recruit for talent within or outside of Ensono's global organization. Ensono managers can increase staffing accuracy for assignments by considering billable resources and non-project workers.

Expanding Ensono's Professional Services Automation

Alan Cole, Ensono's vice president and controller, talked about how Workday allowed the company to expand its revenue base to professional services without incurring a lot of work to set up the accounting for the new venture. The time reporting and project management capabilities allow Ensono to expand its professional services business. By the end of 2017, Ensono will have implemented the whole Workday Professional Services Automation (PSA) module so it can easily charge for project management.

Most professional services automation applications operate in silos, resulting in poor operational visibility, substandard resource allocation, revenue leakage, and the inability to plan and forecast important projects and initiatives. In the past, Ensono employees who had provided professional services for a client would input their time reporting into the old system and then create a report and send it to the billing department. Billing would then add it to the customer's bill.

Workday's PSA is designed for organizations like Ensono that want to easily manage and execute client-facing billable projects. Workday gives Ensono's resource, portfolio and project managers as well as finance and billing specialists a single, secure source of truth to view and act on projects, talent, and financial data.

Workday PSA supports the complete billable projects lifecycle, with the Workday Financial Management Connector for Salesforce, project and resource management, time and expense tracking, project billing, revenue recognition, financial reporting, and analytics—all within

a single, unified system. All of these steps are done within the Workday system, which saves time and money. The result is that Ensono can grow without adding resources.

Historically, Ensono had to keep an Excel spreadsheet to track contracts. With Workday, the billing contracts module gives Ensono easier contract billing from the onset of a contract. The Workday PSA is unified with Workday Financial Management for more accurate customer billing, revenue recognition, margin and profitability analysis, and financial reporting. With Workday, costs are accounted for on time, with limited effort for the billing and accounting teams.

In addition, Ensono will be able to improve decision-making, with built-in, real-time reporting, utilization metrics, and analytics across the Workday PSA suite. Managers can customize dashboards with KPIs and reports for their portfolio, project, geography, or line of business.

Recruiting, Hiring and Retaining Top Talent

Workday Human Capital Management (HCM) is fully unified to streamline recruiting, staffing, development, and retention of a company's most valuable resource—its people.

Ensono also found that it could better attract and retain top talent because Workday makes the company a more modern workplace. Ensono was able to use Workday Human Capital Management to recruit, manage, and engage its workforce with a common set of tools. With Workday, Ensono was better able to optimize the workforce and stay ahead on the talent retention curve with predictive talent insights. In addition, Workday gives employees more self-service that is intuitive and user-friendly.

Ensono was able to attract top talent and younger employees who are not interested in working for companies that have difficult-to-use workplace applications. Workday helped create a more proactive workplace that made it easy for employees to get their jobs done.

THE TAKEAWAYS

Constellation identifies the following takeaways:

1. When looking at replacing HR and Finance systems, look for a software system that integrates both.

2. Evaluate the current costs of your HR and Finance software systems, including the expense to upgrade customized systems, the productivity loss from inputting entries by hand into systems that are not integrated, and the ability to open up new lines of business and have their HR and Finance systems integrated.

3. Then compare the costs and productivity gains from using an integrated HR and Finance system. By comparing the cost of an unintegrated HR and Finance system to one that is integrated, you can easily build a business case for the integrated choice.

4. In addition, look at things that seem more difficult to calculate a value for. These include changing the culture to have less of a software customizable mindset as well as achieving benefits from being able to recruit, hire and retain top talent because of the innovative mindset that an integrated HR and Finance system provides.

Lessons Learned

The old mindset of most companies' IT departments was to customize systems to provide the line of business the functional capabilities it desired. However, that customization causes extra work for IT and causes additional problems like delayed utilization of the enhanced software. In addition, look for systems that use best practices in the combined area of HR and Finance. With best practices in place, automatic upgrades drive the innovation a company needs to stay ahead of the competition, without the costs associated with manual customization.

ROI

Ensono saved $1 million a year by eliminating existing systems and the costs to maintain those functions in separate systems.

The return on the investment comes from reducing the number of software systems and servers needed to run, maintain and upgrade as well as from reducing the load on IT of completing these tasks. In addition, there are productivity gains for both IT and the general workforce. The result is a more innovative company that is better positioned to withstand changes in any industry and to be a market leader or a fast follower.

Best Practices

Chief Financial Officers, Chief Technology Officers, Chief Information Officers and Human Capital Management professionals need to agree on an application that allows for data accessibility and analysis from running HCM and Finance software within the same system. Headcount is tied to cost centers and data quality allows both HR and Finance

professionals to provide more meaningful Human Capital Analytics. For example, the types of data that need to be compared include attrition of high performers, the percentage of performance reviews at high and low ends of the spectrum and correlating performance review results to business result. Companies need to know whether their account management initiatives are improving earnings per share and what is the revenue per employee. These may be new concepts for many companies that have not connected human capital to business results.

When HR and Finance data are held within the same platform, the corporate financial performance metrics along with talent performance and workforce data allow a company to determine the return on its talent investments - in business terms and not just workforce terms.

To stay relevant, HR professionals must go beyond just automating processes to also adopting a financial view of the HR function's impact on the organization as a whole. This requires a solid, 360-degree view of the

business and its financial impact and metrics. HR professionals need to be proactive and collaborate with business and finance professionals to understand the metrics used and then be able to demonstrate the workers' impact on the business.

What to Avoid

Findings from this case study highlight a few areas to avoid:

1. **Steer clear of piecemeal systems.** Make sure when choosing an integrated HR and Finance platform that it operates on a unified code stack. Stay clear of systems that connect HR and Finance platforms with middleware. The system needs to be integrated, out-of-the-box.

2. **Avoid allowing HR and Finance teams to create silos.** When HR and Finance operate completely separate from each other, key synergies in analytics, business benefits, and strategy are limited.

3. **Design for redundancy.** When systems like Workday experience downtime or outages, use well-crafted service level agreements in the contract to address business continuity and loss.

THE RECOMMENDATIONS

Evaluate where the company is with respect to its competition. Determine key initiatives, like the integration and collaboration between HR and Finance, which can serve as a viable way to grow revenue and reduce costs faster. Look at whether the initiatives for your company are proactive or reactive. Consider the following:

- Endeavour to create transformational innovation more than incremental innovation.
- Move toward transforming your business model.
- Look at ways to make changes in your organization and strategy more quickly than your competitors.
- Make sure your organization truly differentiates its brand offerings.

- Look to make your technology systems keep up with the pace of innovation.

- Evaluate whether consolidation of technology systems brings mid-term or long-term savings.

- Make sure that innovation in HR and Finance is part of a mobile and self-service strategy that empowers employees to strive to do their best, even when they are traveling, in the field, or otherwise on the go.

R "Ray" Wang

Founder and Principal Analyst

R "Ray" Wang is Founder, Chairman, and Principal Analyst of Constellation Research, Inc. and the author of the popular enterprise software blog, "A Software Insider's Point of View." He previously was a Founding Partner and Research Analyst for enterprise strategy at Altimeter Group.

A background in emerging business and technology trends, enterprise apps strategy, technology selection, and contract negotiations enables Wang to provide clients and readers with the bridge between business leadership and technology adoption. Wang has been recognized by the prestigious Institute of Industry Analyst Relations (IIAR) as the Analyst of the Year, and in 2009, he was recognized as one of the most important analysts for Enterprise, SMB, and Software. In 2010, Wang was recorded as part of the ARInsights Power 100 List of

Industry Analysts and named one of the top Influential Leaders in the CRM Magazine 2010 Market Awards. Wang graduated from the Johns Hopkins University with a B.A. in natural sciences and public health. His graduate training includes a master's degree from the Johns Hopkins University in health policy and management and health finance and management.

🐦 @RWang0 | 🖥 www.constellationr.com/users/r-ray-wang

in www.linkedin.com/in/rwang0

Dr. Natalie Petouhoff

Vice President and Principal Analyst

Dr. Natalie Petouhoff is Vice President and Principal Analyst at Constellation Research. She is a keynote speaker and researcher in all customer-facing applications, including Social, Mobile, Digital, Listening and Monitoring, Marketing, Commerce, Customer Experience of IoT, Customer Care, Customer Service, and Contact Centers. Clients look for her guidance and perspective, which is always refreshing, paradigm-shifting and innovative.

Petouhoff was voted one of the top 100 Most Influential Women in the World, as one of the top 30 in Social Customer Service, as one of the top 50 CRM and Customer Experience Professionals and in the Top 20 for Social and Digital Media Experts. She is often quoted in USA Today, Adage, BusinessWeek, Fast Company and The New York Times. She previously was a management consultant and systems integrator at PwC, a Forrester analyst and chief digital and social media strategist at Weber Shandwick. These roles have helped thousands of clients provide better customer experiences.

Her upcoming book, titled "Seven Steps to Prepare Your Company for the Digital Disruption and IoT of Customer Experience", will help companies that want to prepare for and catch the wave of the digital revolution. Her prior books include: "Like My Stuff: Tactics to Monetizing Facebook Engagement", "People, Process and Technology: How CRM Should be Implemented", and "Reinventing Your Contact Center: A Manager's Guide toSuccessful Multi-Channel."

🐦 @drnatalie | 🖥 www.constellationr.com/users/nataliepetouhoff

in www.linkedin.com/in/drnataliepetouhoff

ABOUT CONSTELLATION RESEARCH

Constellation Research is an award-winning, Silicon Valley-based research and advisory firm that helps organizations navigate the challenges of digital disruption through business models transformation and the judicious application of disruptive technologies. Unlike the legacy analyst firms, Constellation Research is disrupting how research is accessed, what topics are covered and how clients can partner with a research firm to achieve success. Over 350 clients have joined from an ecosystem of buyers, partners, solution providers, C-suite, boards of directors and vendor clients. Our mission is to identify, validate and share insights with our clients.

Organizational Highlights

· Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.

· Experienced research team with an average of 25 years of practitioner, management and industry experience.

· Organizers of the Constellation Connected Enterprise – an innovation summit and best practices knowledge-sharing retreat for business leaders.

· Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.

💻	www.ConstellationR.com	🐦	@ConstellationR
ℹ️	info@ConstellationR.com	❓	sales@ConstellationR.com

San Francisco | Belfast | Boston | Colorado Springs | Cupertino | Denver | London | New York | Northern Virginia
Palo Alto | Pune | Sacramento | Santa Monica | Sydney | Toronto | Washington, D.C