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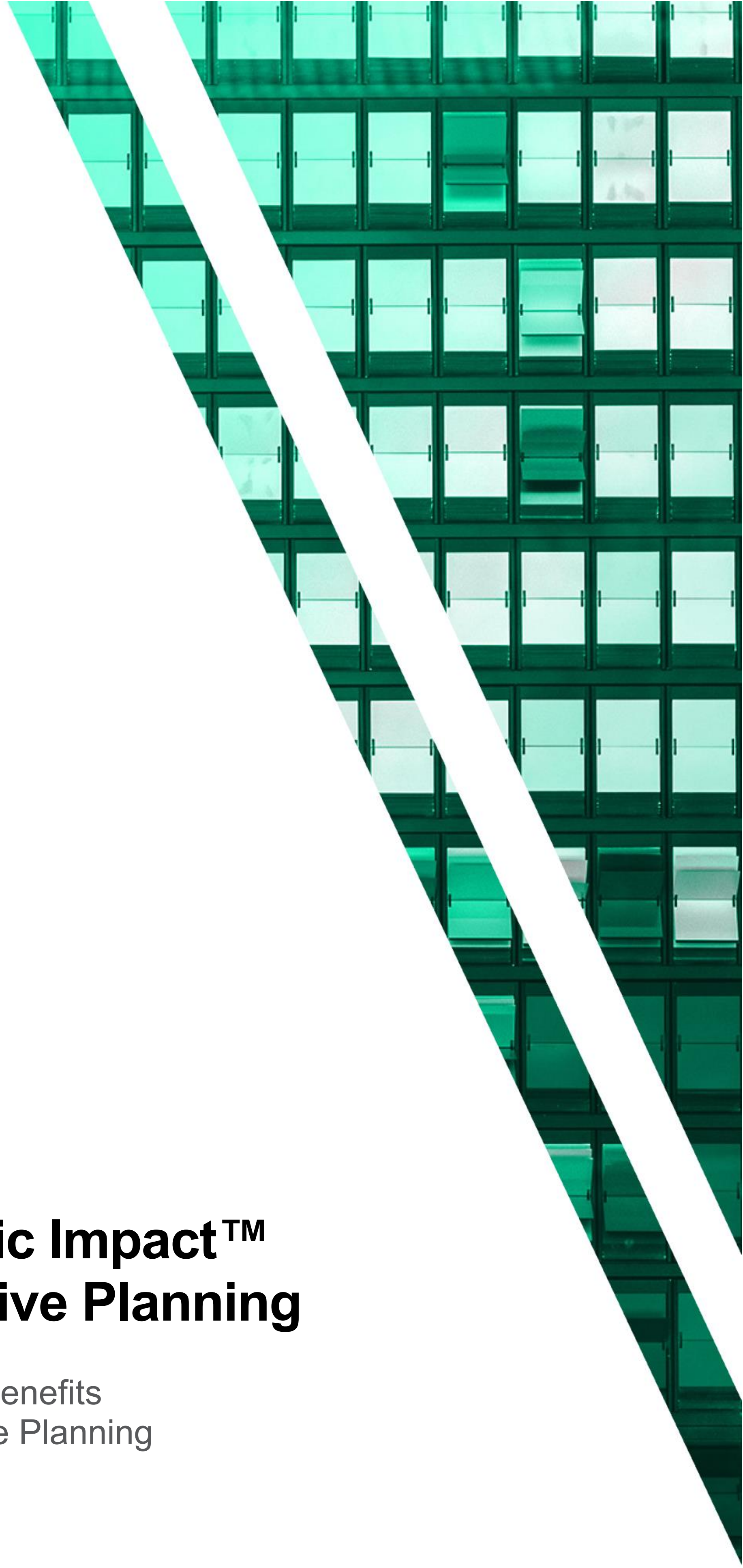

The Total Economic Impact™ Of Workday Adaptive Planning

Cost Savings And Business Benefits Enabled By Workday Adaptive Planning

JULY 2023

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY WORKDAY

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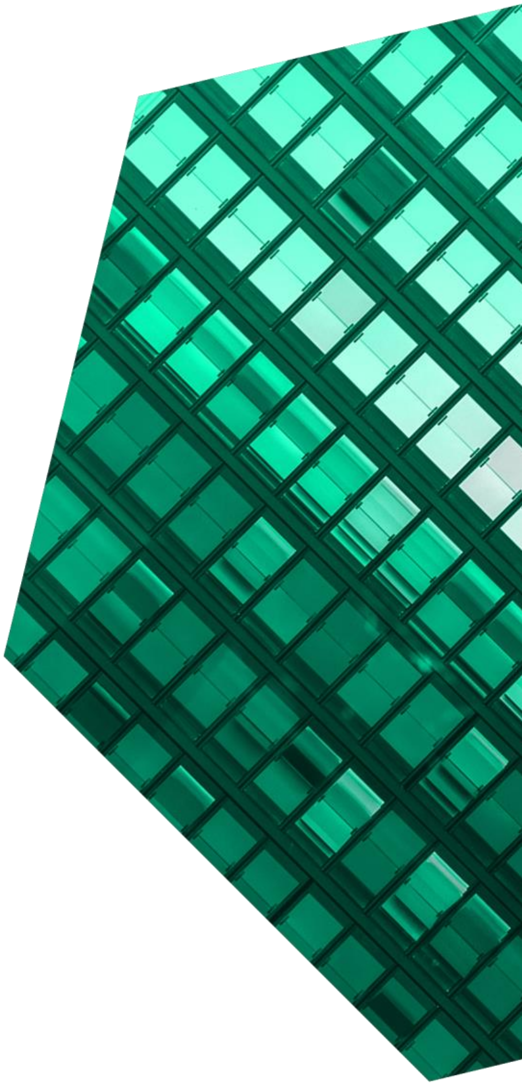


ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

To keep up with the rapid pace of change, businesses need a clear view of their costs and resources and the ability to analyze scenarios to support timely decision-making. Workday Adaptive Planning provides a single source of truth for an organization's financial, personnel, and operational data; reduces the manual effort for planning and analysis; and improves data quality. The results of implementing the solution include productivity improvements, cost optimizations, and better, faster decision-making.

Workday Adaptive Planning is an enterprise planning software-as-a-service (SaaS) solution for an organization's financial, workforce, sales, as well as operational planning. It allows integrations with a wide variety of data sources and supports a more holistic view of the business. In addition, its modeling engine, analytics, and reporting capabilities enable faster, more detailed planning and better decision-making for financial planning and analysis (FP&A) teams and business leaders.

Workday commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Workday Adaptive Planning.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Workday Adaptive Planning on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives with experience using Workday Adaptive Planning. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization with $1 billion in annual revenue and 5,000 employees.

KEY STATISTICS

Return on investment (ROI)
249%

Net present value (NPV)
$2.30M

FP&A team productivity improvement by Year 3

20%

Prior to using Workday Adaptive Planning, these interviewees noted how their organizations relied largely on spreadsheets and manual processes for their financial planning and forecasting activities, either because they didn't have other solutions in place or because their legacy planning solutions were difficult for them to use. Aggregating, manipulating, reconciling, and reporting on data was time-consuming and error-prone, limiting the depth of analysis the FP&A team could perform.

After the investment in Workday Adaptive Planning, the interviewees' organizations were able to standardize processes, analyze and report on data more easily and at a more granular level, and add new value to business decisions. Key results from the investment include productivity improvements for the FP&A team and business managers and savings from cost optimization across the organization.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Improved FP&A productivity by up to 20%.** Previously manual data aggregation, manipulation, and error-checking are minimized or automated for the composite organization by Workday Adaptive Planning. FP&A teams can spend more time on analysis and less time on non-value-add work. The productivity improvements increase from 10% in Year 1 to 20% by Year 3, worth $664,000 to the composite organization over three years.

- **Increased business manager productivity related to planning activities by up to 12%.** Workday Adaptive Planning enables new data modeling and planning processes for the composite organization, reducing the time managers spend planning costs that have a lower impact on the organization. In addition, headcount planning is easier with clearer processes and fresh, consistent data. The three-year benefit to the organization is over $312,000.

- **Eliminated FP&A reliance on IT for financial reporting and analysis.** The composite organization previously required dedicated IT support for data access and reporting from its enterprise resource planning (ERP) system. Workday Adaptive Planning enables the FP&A team to self-service data, so they no longer need to use IT resources. This benefit is worth more than $218,000 to the organization over three years.

- **Cost optimization worth $2.0 million over three years.** More granular data (including vendor and headcount information) with better, easier analysis and reporting allows the FP&A team to partner with the rest of the business to proactively manage costs and identify improvement opportunities. This benefit begins at the end of Year 1 and grows in Year 2 and Year 3 as the organization increases its adoption and expands its use of Workday Adaptive Planning.

Unquantified benefits and flexibilities. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Better data quality.** Workday Adaptive Planning acts as a single source of truth and reduces the manual effort required to consolidate and analyze data, which significantly reduces errors. This benefit contributes to the productivity and cost optimization benefits cited previously, as well as the unquantified benefits that follow.

- **Improved trust in FP&A.** Better data quality and more time spent on analysis allow the FP&A team to provide accurate information and rich insights to their business partners, improving organizational trust in the FP&A team.

- **Greater employee satisfaction.** FP&A employees are able to spend less time on tedious data entry and error-checking work and more time on value-added work, increasing their sense of engagement and job satisfaction.

- **Better, faster decision-making.** Workday Adaptive Planning provides enhanced data quality and granularity and provides scenario modeling capabilities that help businesses make faster and more informed decisions.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Subscription.** This is based on an enterprise model, which for the composite organization totals $370,000 over three years.

- **Implementation and training.** The organization works with an implementation partner and dedicates FP&A and business leaders to the implementation for four months. FP&A employees and business managers receive training in Workday Adaptive Planning. Partner implementation fees of $125,000 plus internal FP&A and business manager resources devoted during the deployment and training bring the composite organization’s cost to $422,000.
- **Ongoing management.** Ongoing system management requires 50% of one FP&A employee’s time to manage integrations, update models, and perform quality checks. Over three years, this totals less than $131,000.

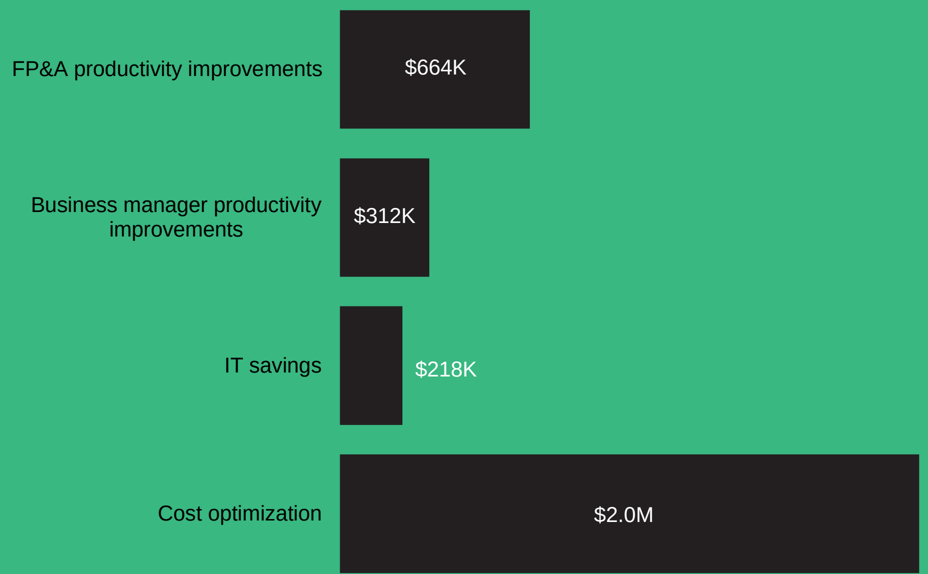
The representative interviews and financial analysis found that a composite organization experiences benefits of $3.22 million over three years versus costs of $922,000, adding up to a net present value (NPV) of $2.30 million and an ROI of 249%.

ROI
249%

BENEFITS PV
$3.22M

NPV
$2.30M

Benefits (Three-Year)



"It's time savings, it's confidence in the numbers, and it's analysis. Being able to look into the business at different cuts of data and being able to do that quickly. We couldn't do it before. ... So the ability to drill down and into the data is a big win for us."

— Director of corporate planning, engineering

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Workday Adaptive Planning.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Workday Adaptive Planning can have on an organization.

DUE DILIGENCE

Interviewed Workday stakeholders and Forrester analysts to gather data relative to Workday Adaptive Planning.

INTERVIEWS

Interviewed five representatives at organizations using Workday Adaptive Planning to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Workday and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Workday Adaptive Planning.

Workday reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Workday provided the customer names for the interviews but did not participate in the interviews.

The Workday Adaptive Planning Customer Journey

Drivers leading to the Workday Adaptive Planning investment

Interviews

Role	Industry	Annual revenue	Number of employees
HRIS solutions architect	Health technology	$19 billion	77,000
Senior director of finance	Software	$130 million	500
Senior director of FP&A	Technology	$750 million	800
Director of corporate planning	Engineering services	$2 billion	10,000
VP of finance	Food service	$430 million	7,000

KEY CHALLENGES

Prior to Workday Adaptive Planning, interviewees' organizations largely relied upon spreadsheets and manual processes for their financial planning and analysis work. Their data resided in ERPs, HR management software, and other systems. FP&A teams then manually aggregated, reconciled, and analyzed the data to report on and support planning processes with the business. One interviewee noted that they had tried to use another FP&A tool, but their organization found it challenging to use and never fully adopted it.

The interviewees noted how their organizations struggled with common challenges, including:

- **Siloed data and different processes across teams.** Interviewees shared that they lacked a consistent process or format for planning and reporting. Teams would submit their spreadsheets to finance, and that department would then have to reconcile and consolidate the data. The HRIS solutions architect in health technology shared: "We never had one process, which created a significant burden on both administrators as well as … data quality. … Data definitions were different; the realities sometimes were not comparable." The director of corporate planning in engineering services explained, "Everybody had their own individual spreadsheets that they kept and submitted to corporate for consolidations." They continued: "Especially when it came to planning, you can imagine the amount of time, touchpoints, and people involved in the process. That was certainly a challenge."

> **"We couldn't change much about the numbers, we couldn't change much about our projections, we couldn't change much about our workforce strategy. So we were entering this [multiweek headcount planning] exercise with a set of assumptions, but if those assumptions were proven otherwise during that period, we couldn't really adjust to the changed assumption."**
>
> *HRIS solutions architect, health technology*

- **Manual, time-consuming, and error-prone planning and forecasting processes.** Planning and forecasting efforts took significant time to complete, and despite teams' diligence, errors still slipped through. The senior director of finance in software shared: "We were doing a lot of data manipulation as far as trying to pull down and record actuals. In [spreadsheets], it can be pretty hard to version control and actually trust that everything is coming out correctly. We were looking to spend less time doing data manipulation … [and] we saw our [spreadsheet] processes could be fairly error prone."

- **Static data and an inability to adapt to change.** Data existed in spreadsheets, and the ability to run different scenarios and adjust assumptions during planning and forecasting processes was limited, which hindered organizations' abilities to adapt to change. The director of corporate planning in engineering services explained that: "the data is consolidated, and it's dropped into a location [for both our plans and forecasts]. So it's static data that you can't do anything with. No scenario planning, no sensitivities, all of that in our previous world was impossible."

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Centralize and standardize data and planning processes.

- Reduce the manual effort required to plan, forecast, and analyze.

- Improve data integrity and granularity.

- Be owned by finance teams and easy to use for business leads.

- Integrate with existing systems and data sources.

> **"A big selling point for us was the ability to build models and not necessarily have to be a data scientist or write code in order to get it done. It can be more business-owned versus IT-owned."**
>
> *Director of corporate planning, engineering services*

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The 5,000-person organization has $1 billion in annual revenue and is growing an average of 5% per year. The FP&A team consists of 20 people, and 100 senior business managers participate in monthly, quarterly, and annual planning and forecasting activities throughout the year. The composite organization previously relied on manual data downloads from its ERP, HR software, and other systems and used spreadsheets for data consolidation and analysis. The FP&A team required individuals from IT to support advanced data and reporting needs.

Deployment characteristics. The composite organization rolls out Workday Adaptive Planning over four months. Its initial use cases are for planning, forecasting; reporting expenses, revenue, and headcount; and generating the balance sheet, income statement, and statement of cashflows. The primary integration is with the ERP system, while data from other systems, such as HR and payroll, are uploaded by the FP&A team. Deployment is done over four months, and the FP&A team, as well as senior business managers, are trained on how to use the system.

Key Assumptions

- **$1 billion in revenue**
- **5,000 total employees**
- **20 FP&A employees**
- **100 senior business managers participate in planning**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	FP&A productivity improvements	$171,900	$270,743	$378,180	$820,823	$664,159
Btr	Business manager productivity improvements	$109,350	$126,300	$144,342	$379,992	$312,235
Ctr	IT savings	$87,705	$87,705	$87,705	$263,115	$218,109
Dtr	Cost optimization	$340,000	$714,000	$1,499,400	$2,553,400	$2,025,695
	Total benefits (risk-adjusted)	$708,955	$1,198,747	$2,109,627	$4,017,329	$3,220,198

FP&A PRODUCTIVITY IMPROVEMENTS

Evidence and data. Interviewees noted that Workday Adaptive Planning significantly reduced the manual effort their FP&A teams needed to spend on non-value-add activities, freeing up time for more analysis and partnership with the business. They also shared that Workday Adaptive Planning had enabled their FP&A teams to absorb more work relative to the growth of the business.

The senior director of FP&A in technology said: "A business like ours would definitely have two or three additional people to have the same level of accuracy and response [that we have with Workday Adaptive Planning]. Even then, I don't think you would get what this multidimensional planning tool provides."

Some specific examples of this benefit include:

- **Reporting.** Interviewees shared that Workday Adaptive Planning automated standard reporting and helped create presentations. This removed the administrative burden from the FP&A team both for the creation of reporting and time spent checking for errors. Additionally, it enabled ad hoc reporting that would have been challenging in the previous environment.

> **"[We can] do things that we wouldn't have been able to do before because of how the data is organized and how efficiently you can run these ad hoc reports."**
>
> *VP of finance, food service*

- The senior director of finance in software shared that they saw significant efficiency gains around monthly reporting to leadership after implementing Workday Adaptive Planning. They said: "[Previously it would have taken] a whole day of data manipulation, making sure it was in the right format and reviewing it as soon as the numbers are done in [our ERP. Now] we could have a PowerPoint with all the data correct and comparing it to the forecast in … a couple of hours with minimal risk of being incorrect in some way versus before." Workday Adaptive

  - Planning consolidated the data for them and significantly reduced the risk of errors.
  - The director of corporate planning in engineering services said: “OfficeConnect [a plug-in for spreadsheet, word processing, and presentation software] is really a game changer. … The fact that you can perform ad hoc analysis … you can do it extremely quickly. You’re not relying on static reports … If you need to get something on the fly, you can build it very, very quickly and source that data in minutes versus hours.”

- **Forecasting and planning.** Interviewees explained that having a single source of truth, with data they could trust without needing to manually aggregate and consolidate it, significantly improved their planning and forecasting processes.
  - The senior director of finance in software explained that Workday Adaptive Planning took their forecasting processes from days to hours, and the need to validate data has decreased significantly.
  - The director of corporate planning in engineering services shared, “[Previously, all the different teams] would accumulate all the [spreadsheets] and upload that directly into [the ERP] for consolidations.” That was used to create the profit and loss (P&L) and run the budgeting and forecasting. They continued: “It’s time intensive. A lot of the feedback I heard when I first came in was that it’s just too hard to get work done.” They estimated that Workday Adaptive Planning saved their organization 20% of the time spent on planning and forecasting activities.

“If we were trying to provide the level of support that we were doing over the last three years, we wouldn’t have been able to keep the team as small as it was without Adaptive.”

Senior director of finance, software

- **Headcount planning.** Similarly, better data quality and visibility, as well as the improved agility provided by Workday Adaptive Planning, reduced the time FP&A employees needed to spend working with business leaders on headcount planning.
  - The HRIS solutions architect in health technology shared, “[With our previous headcount planning,] the multiple touch points in this offline process required not only junior people to look at the numbers and control the [spreadsheets] and make sure that everything is aligned, but also senior people to spend time on common

“There are just some parts [in the forecasting process] I don’t have to check anymore to make sure that inputs are right, like the headcount number or order assumptions. … I can trust that the model itself is working. … I think I’ve definitely saved a lot of time and also accuracy.”

Senior director of finance, software

cases of conflict." They continued, saying, "[Workday Adaptive Planning] is enabling [workflow automation], and it's practically transforming the data quality risks, the conflicts that appear in those data quality checks, and any of the other data-driven components." Their health technology organization was able to reduce the FP&A efforts around headcount planning by approximately 10% with Workday Adaptive Planning.

  - The senior director of finance in software estimated that Workday Adaptive Planning saved two to three days of back and forth between FP&A and business functions during headcount planning. Time savings were driven by reduced time spent reconciling inputs. They said: "People weren't sure if headcounts were right, or if the dollars were right. All of that noise is gone because we maintain the personnel and headcount plans on a recurring basis, so there's not as much updating that needs to be done."

- **Cost and procurement management.** Workday Adaptive Planning allowed FP&A teams to plan for and report on costs at a vendor level, a task that was previously massively time-consuming, if possible at all. As a result, they were able to review and approve spending more efficiently while having more detailed and meaningful discussions with business leaders.

  - The senior director of FP&A in technology explained that in order to have detailed cost conversations with business leaders every month, "You're running a report in [the ERP], downloading all the transactional details, which is thousands of lines, doing some pivot tables and manipulating the data to derive the vendor names, and then trying to align that with a forecast that resides in some other [spreadsheet] model. It's super time-consuming and almost impossible." They shared that the time required to prepare for these conversations is days rather than weeks with Workday Adaptive Planning.

  - The senior director of finance in software estimated that Workday Adaptive Planning saved them 90% of the time they previously spent following up with business partners on contracts. They said, "We've gone from having no procurement process when I first started to actually having a decent procurement tool that helps save us a bunch of time and has better workflow capabilities." They attributed this improvement to the level of detail and scale Workday Adaptive Planning provided.

Modeling and assumptions. For the composite organization, Forrester assumes:

- There are 20 FP&A employees in Year 1, which increases by 5% each year as the company grows.

- Reduced manual work, increased automation, better data availability and visibility, and reduced

"[Without Workday Adaptive Planning] we wouldn't have that visibility into which vendors to expect and at what dollar amounts across the organization at the level at which we do right now."

Senior director of finance, software

risk of errors drive productivity improvements. As a result, FP&A employees see a 10% productivity improvement in Year 1, increasing to 20% by Year 3 as the organization expands its use of Workday Adaptive Planning.

- The average fully burdened salary across the FP&A team is $95,500 per year.

Risks. An organization's realization of benefits from FP&A productivity improvements will depend upon a variety of factors, including:

- The number of FP&A employees and their average salaries.
- How much time and effort they spend on data collection, manipulation, and checking; reporting; and other manual tasks that Workday Adaptive Planning is able to automate or otherwise improve.
- How Workday Adaptive Planning is deployed in the organization — the data incorporated, the functionality used, and the level and speed of adoption by FP&A employees.
- How much of the recovered time employees use for productive work.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $664,000.

FP&A Productivity Improvements

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of FP&A FTEs	Composite	20	21	22
A2	Productivity improvements due to Workday Adaptive Planning	Interviews	10%	15%	20%
A3	Finance team average fully burdened annual salary	TEI Standard	$95,500	$95,500	$95,500
At	FP&A productivity improvements	A1*A2*A3	$191,000	$300,825	$420,200
	Risk adjustment	↓10%			
Atr	FP&A productivity improvements (risk-adjusted)		$171,900	$270,743	$378,180
	Three-year total: $820,823		**Three-year present value: $664,159**		

BUSINESS MANAGER PRODUCTIVITY IMPROVEMENTS

Evidence and data. While the FP&A teams at interviewees' organizations were the primary users of Workday Adaptive Planning, managers from the business also saw productivity improvements related to planning and forecasting processes.

The director of corporate planning in engineering services noted that their organization had improved its planning processes for smaller-scale projects and expenses with Workday Adaptive Planning:

- They said: "[We've implemented] driver-based modeling … using drivers to really impact or influence P&L. And then for some of the smaller expense items, like general and administrative (G&A), if you have a relatively small G&A budget, then we implemented trending expense. … So [business managers] don't actually have to plan that data. Now they have to look at it, they have to validate it, but they don't actually have to go in and plug those numbers in. Those numbers are already in place, and they're based on historical averages."
- Some parts of the engineering services organization have thousands of small projects; individually planning those wasn't practical. With Workday Adaptive Planning, they were able to pool smaller, related projects together to streamline planning processes. The director of corporate planning said: "[We don't have to] spend the time planning the individual projects, [we] spend time planning the group of projects. So that was a huge time savings we took off the teams."

Interviewees also shared that Workday Adaptive Planning improved business leaders' annual headcount planning processes by allowing them to streamline the process, improve data visibility and consistency, and reduce back-and-forth conversations.

- The HRIS solutions architect in health technology estimated that their planning managers reduced the time spent on headcount planning processes by up to 50%, with additional savings during the actual requisition process later on. They said: "They were working with data that they recognized, which was actuals. So they were getting real-time data from Workday [Human Capital Management] for their workforce that was active at the moment." Previously, the data their organization used was static and didn't account for changes in the workforce after it was pulled. Because the data was now fresh and consistent with Workday Adaptive Planning, there were fewer follow-up meetings to clarify data. They finally commented, "One of the challenges we

> **"[With Workday Adaptive Planning], we could not only have manager self-service [for headcount planning] in the tool without the involvement of HR and finance. But they could also see how they are doing against their targets. They could see how a simulated model would look — if, for example, they shifted their workforce from one location to another, or if they would shift some capabilities from one location to another, or if they would carry on with the assumptions they had."**
>
> *HRIS solutions architect, health technology*

had before, there was quite some confusion on what I needed to do as a manager in [the workforce and cost planning] process … while now it is very clear." This sped up the time it took them to complete the planning process.

- The senior director of finance in software said, "Annually during planning, we're able to save a couple of hours across 10 different department leaders in planning because the templates we provide and the data we're able to give them is pretty structured using Workday Adaptive Planning."

Modeling and assumptions. For the composite organization, Forrester assumes:

- One hundred senior business managers participate in cost and headcount planning and forecasting activities throughout the year. This number increases in Year 2 and Year 3 as the organization grows.
- These activities take an average of 15% of their total annual time.
- Workday Adaptive Planning improves senior business managers' productivity related to planning activities by streamlining processes and improving data accessibility, visibility, and consistency. Productivity gains are 10% in Year 1, and they increase slightly in Year 2 and Year 3 to 11% and 12%, respectively. Forrester assumes a learning curve as well as continued refinement of data and processes in the system.
- The productivity recapture rate is 50%. Forrester applies a productivity recapture based on the assumption that only a portion of the newly available time will be used for activities that drive value for an organization.

Risks. An organization's realization of benefits from business manager productivity improvements will depend upon a variety of factors, including:

- The number and types of business managers involved in planning activities and their salaries.
- The types of planning and forecasting activities the managers are involved in, how much time they currently dedicate to the affected activities, and how manual or time-consuming those processes are before Workday Adaptive Planning.
- How well and how quickly the business adopts Workday Adaptive Planning for planning activities.
- How much recovered time is used for additional productive work.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $312,000.

Business Manager Productivity Improvements					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Number of senior business managers	Composite	100	105	110
B2	Percent of time spent on forecasting, planning, and headcount activities	Composite	15%	15%	15%
B3	Productivity improvement with Workday Adaptive Planning	Interviews	10%	11%	12%
B4	Productivity recapture	TEI standard	50%	50%	50%
B5	Senior business manager average fully burdened annual salary	TEI standard	$162,000	$162,000	$162,000
Bt	Business manager productivity improvements	B1*B2*B3*B4*B5	$121,500	$140,333	$160,380
	Risk adjustment	↓10%			
Btr	Business manager productivity improvements (risk-adjusted)		$109,350	$126,300	$144,342
	Three-year total: $379,992		**Three-year present value: $312,235**		

IT SAVINGS

Evidence and data. One of the significant benefits interviewees experienced came from Workday Adaptive Planning being a finance-owned system. The interviewees' organizations' finance and management teams were able to access and report on the data they needed without relying on other teams, such as IT.

- The director of corporate planning in engineering services explained that they previously had a reporting team working with IT. It had the sole focus of building financial reports out of the ERP system. The director said, "They would have to build them from scratch, and it would take time."

  The director of corporate planning continued, saying, "If I need an ad hoc report at corporate now, I don't have to go to my IT team to help build a report out of the old reporting system that we had." Instead, they're able to do it themselves with Workday Adaptive Planning.

- The VP of finance in food service shared: "[With the solution], it was relatively easy to maintain and create a new model on your own without involving your IT department. There's no need for the IT department, which is really great."

Modeling and assumptions. For the composite organization, Forrester assumes:

- Two members of the IT team spend 50% of their time supporting the FP&A team for data and reporting needs.
- After implementing Workday Adaptive Planning, the FP&A team no longer requires any support from IT for data or reporting.
- The IT staff's time is reallocated to other productive IT activities.

Risks. An organization's realization of benefits related to IT savings will depend upon a variety of factors, including:

- Their previous reliance on IT or similar teams for data and reporting needs.
- How much Workday Adaptive Planning enables reporting and other data needs.

- The average salaries of IT employees who no longer need to support data and reporting requirements for finance.
- How an organization reallocates recovered time for additional productive work within the organization.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $218,000.

IT Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Number of IT FTEs supporting FP&A before Workday Adaptive Planning	Composite	2	2	2
C2	Percent of time dedicated	Composite	50%	50%	50%
C3	Productivity improvement with Workday Adaptive Planning	Interviews	100%	100%	100%
C4	IT average fully burdened annual salary	TEI standard	$97,450	$97,450	$97,450
Ct	IT savings	C1*C2*C3*C4	$97,450	$97,450	$97,450
	Risk adjustment	↓10%			
Ctr	IT savings (risk-adjusted)		$87,705	$87,705	$87,705
	Three-year total: $263,115		**Three-year present value: $218,109**		

COST OPTIMIZATION

Evidence and data. Interviewees shared that being able to plan, forecast, and report on costs at a detailed level (including the vendor and employee levels) offered significant benefits to their organizations. In addition to the time savings Workday Adaptive Planning provided in this area, it allowed the interviewees' FP&A teams to work with their business partners to optimize spending across their organizations. Interviewees highlighted several examples where Workday Adaptive Planning supported their ability to optimize costs.

- The VP of finance in food service said that they had improved their operating margin by 350 basis points, primarily through labor savings. They said, "[Workday Adaptive Planning enabled us] to be able to slice and dice productivity by store, come up with the right key performance indicators, and also monitor those key performance indicators on a real-time basis, report back, and be able to adjust quickly." They continued, saying that it wouldn't be possible to have the information they needed as quickly as they needed it without Workday Adaptive Planning.

- The senior director of finance in software explained that with Workday Adaptive Planning, "Each function is budgeting for and reviewing their costs down to the vendor, [product line,] and headcount levels." They continued, saying: "[As a result,] we've been able to maintain really good cost guardrails so that the teams are operating where they said they're going to. Then we're able to identify any areas of risk or areas that they want to invest more than anticipated. We're able to have really structured conversations around that."

  The senior director of finance in software also said, "I think we've pushed back on unnecessary spend or at least had conversations that really pushed people on the business case or value they [wanted]." They noted tools and subscriptions as types of costs they were able to control with better visibility and conversations with business partners.

- The senior director of FP&A in technology emphasized the value that Workday Adaptive Planning provided when they worked with business partners to understand costs. "We have all the vendor details by actuals, and we can compare it to our forecast so then we know if something weird happened that was unexpected. … We can talk to managers more intelligently about what they're spending and who they're spending it with."

- The senior director of FP&A in technology further explained that Workday Adaptive Planning allowed their FP&A team to be proactive in managing costs with their business partners rather than reactive. They said, "Instead of saying 'Hey, we need you to slow hiring, or we can't spend this money,' it [would be] 'Oh, we shouldn't have hired, or we shouldn't have spent that money.'"

> **"Now, when I meet with a manager, I open up the P&L in Adaptive, and then we have a conversation about the operating expenses and the hiring plan. We make real-time adjustments as necessary, and then I go back to the P&L and show them what the impact of those changes are."**
>
> *Senior director of FP&A, technology*

Modeling and assumptions. For the composite organization, Forrester assumes:

- The organization has a 15% operating margin.
- Workday Adaptive Planning supports cost optimization efforts impacting selling, general and administrative expenses (SG&A), cost of goods and revenue, and research and development costs.
- The organization spends the majority of Year 1 on adoption, including realizing benefits associated with productivity improvements. The additional time and detailed data made available with Workday Adaptive Planning enables the organization to begin cost optimization efforts toward the end of Year 1.
- By Year 2, cost optimization efforts have expanded, as the organization has more time to analyze data, plan more effectively, and work with business managers to continue cost optimization. The organization sees additional benefits in Year 3.

Risks. An organization's realization of benefits related to cost optimization will depend upon a variety of factors, including:

- Their cost planning, forecasting, and reporting processes prior to Workday Adaptive Planning and the previously available granularity of data.
- The level of detail they plan to use with Workday Adaptive Planning.
- The organization's ability to act on the data to improve decision-making and cost optimization efforts.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $2.0 million.

Cost Optimization

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Operating expenses	Composite	$850,000,000	$892,500,000	$937,125,000
D2	Cost optimization Workday Adaptive Planning	Composite	0.05%	0.10%	0.20%
Dt	Cost optimization	D1*D2	$425,000	$892,500	$1,874,250
	Risk adjustment	↓20%			
Dtr	Cost optimization (risk-adjusted)		$340,000	$714,000	$1,499,400
	Three-year total: $2,553,400		**Three-year present value: $2,025,695**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Better data quality.** Interviewees noted that Workday Adaptive Planning significantly improved the data they were working with — both the inputs and the outputs. Integrations with other systems, reduced manual manipulation, and controls around formulas ensured consistency and accuracy. Better data quality underlies many of the other benefits noted in this study, including time spent on error checking and rework, trust, employee satisfaction, and decision-making.

"Since we've implemented Workday Adaptive Planning, I don't think we've made a single manual error in what we reported to our stakeholders."

Senior director of finance, software

- **Improved trust in FP&A.** Fewer errors, more granular data, and more time to perform analysis allowed the FP&A teams at interviewees' organizations to work more closely with business partners and improved the trust their leaders had in the team. The director of corporate planning in engineering services said: "Any time an executive spots something that's out of order or inconsistencies in the data, you may as well throw the entire thing away … [Now] those conversations have gone away. And it impacts almost everything." The senior director of finance in software shared: "[Workday Adaptive Planning] has definitely helped with the level of professionalism. … I think our previous private equity owners, consulting firms, and our business partners have been impressed at the quality of output we're able to provide."

- **Employee satisfaction.** Workday Adaptive Planning enabled organizations to spend more time on meaningful work that helps improve the business instead non-value-add activities, which was important to interviewees and their teams. The senior director of finance in software said: "When I started here, I was doing a lot of that manual work … and it was really boring. So the fact that I don't have to spend time downloading reports from [the ERP], copying and pasting, summarizing, and doing all those really non-value-added stuff, and that my team isn't having to spend their time doing it either, is definitely, hopefully, more engaging to them as an overall job and what they're spending their time doing."

"One of the things I really appreciate [about Workday Adaptive Planning] is there are no inconsistencies in the data. If I'm reporting on something at a consolidated view or if I want to zero in on a particular service line, the data that I'm presenting to the executive team is the exact same data that the service line is presenting."

Director of corporate planning, engineering services

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Workday Adaptive Planning and later realize additional uses and business opportunities, including:

- **Better, faster decision-making.** Workday Adaptive Planning's data quality and granularity, as well as its scenario modeling capabilities, supported interviewees' organizations in strategic decision-making.
  - The director of corporate planning in engineering services described how they're starting to leverage Workday Adaptive Planning's scenario modeling., saying: "Being able to run different P&L-related scenarios and tying that into cash flow would help with capital decision-making. Do I want to allocate capital to this business or that business or this project versus another? … The system is there to do that and do it quickly."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

"When you flash up the level of investment in certain product lines versus the level of success you're seeing, it becomes apparent on the fringes where we need to make some shifts, especially over a two- or three-year period of what we're actually investing in."

Senior director of finance, software

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Subscription	$43,750	$131,250	$131,250	$131,250	$437,500	$370,149
Ftr	Implementation fee, internal labor, and training	$396,911	$7,480	$11,220	$11,563	$427,174	$421,671
Gtr	Ongoing management	$0	$52,525	$52,525	$52,525	$157,575	$130,622
	Total costs (risk-adjusted)	$440,661	$191,255	$194,995	$195,338	$1,022,249	$922,442

SUBSCRIPTION

Modeling and assumptions. Workday provided an indicative range of pricing for Workday Adaptive Planning for organizations similar to the composite organization. For the financial model, Forrester assumed a price in the middle of the range. Much of Workday's pricing, particularly at the enterprise level, is based on the organization's number of FTEs. However, Workday also offers seat-based licensing models, which are often utilized by smaller organizations or where use cases are not companywide. Pricing may vary. Contact Workday for additional details.

Risks. An organization's costs related to the subscription price for Workday Adaptive Planning will depend upon a variety of factors, including:

- The subscription model they choose — enterprise or seat-based licensing — and the total number of licenses and SKU entitlements and discounting.
- The potential for pricing to change over time.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $370,000.

Subscription						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Subscription	Vendor	$41,667	$125,000	$125,000	$125,000
Et	Subscription	E1	$41,667	$125,000	$125,000	$125,000
	Risk adjustment	↑5%				
Etr	Subscription (risk-adjusted)		$43,750	$131,250	$131,250	$131,250
	Three-year total: $437,500			**Three-year present value: $370,149**		

IMPLEMENTATION FEE, INTERNAL LABOR, AND TRAINING

Evidence and data. Interviewees' organizations worked with an implementation partner — either directly with Workday or with a third party — in addition to their internal resources for the deployment of Workday Adaptive Planning. Interviewees provided their existing financial models to the partner, identified the data sources that would be included in Workday Adaptive Planning, and worked with the partner to validate and test work as it was completed. In general, interviewees shared that the implementation happened in steps over a few months, since different modules or models built off each other. Once the system was deployed, users from FP&A received in-depth training to navigate the full scope of its capabilities, including updating model assumptions and reporting. Business users received less training because their use cases were more limited.

- The senior director of finance in software shared that their organization's implementation took approximately three months. They shared their models with their implementation partner, and their four-person internal team met with the partner several times a week to review progress. The team also spent additional time building and validating work. They began by setting up expenses, then revenue and sales planning, balance sheets, and cashflows.
- The director of corporate planning in engineering services explained that their implementation process occurred over six months. They worked with an implementation partner and additionally had an internal governance committee, a core team, and an extended team supporting the deployment. This support included blueprinting the current and future states, helping build the individual models, writing scripts, and running user acceptance testing (UAT). Training included video and desktop procedures and dedicated office hours for both finance and business users.
- The HRIS solutions architect in the health technology organization began by deploying the solution to 10% of the organization for workforce planning purposes. It took about four months to design, build, test, and incorporate assumptions and relevant financials. The organization's business managers underwent 2 hours of training each. They anticipate that continuing to scale Workday Adaptive Planning to the broader organization will be faster and easier.
- The VP of finance in food service said their organization deployed financial planning and reporting capabilities with its initial implementation. It worked with external implementation consultants, and its FP&A team was heavily involved in the implementation process. Business managers received 3 to 4 hours of training to use the system after it was implemented.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The implementation takes four months to complete.
- The organization works with an implementation partner and pays an implementation fee of $125,000.
- Five members of the FP&A team spend 80% of their time during those four months dedicated to the implementation, and three extended team members from the business dedicate 25% of their time to support the implementation.
- All 20 members of the FP&A team receive 40 hours of training for basic functionality and advanced modeling and assumptions. Business managers receive 4 hours of training in basic

functionality to support their use of the system for planning.

- The organization experiences 10% churn every year as well as 5% growth, necessitating additional training for new employees in relevant roles.

Risks. An organization's costs related to implementation and training will depend upon a variety of factors, including:

- The scope and complexity of the deployment.
- The implementation partner selected.
- The structure of the internal team supporting implementation, including the number and roles of the individuals involved.
- Organizational readiness and the degree of change the implementation represents.
- The number and types of individuals requiring training to use the system, including growth and churn rates.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $422,000.

Implementation Fee, Internal Labor, And Training						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Implementation fee	Vendor	$125,000			
F2	Implementation months	Interviews	4			
F3	Core team members (FP&A)	Composite	5			
F4	Percent of time dedicated	Interviews	80%			
F5	Core team fully burdened monthly salary	TEI standard	$7,958			
F6	Extended team members (senior business managers)	Composite	3			
F7	Percent of time dedicated	Interviews	25%			
F8	Extended team fully burdened monthly salary	TEI standard	$13,500			
F9	Subtotal: Implementation costs	F1+F2*F3*F4*F5+ F2*F6*F7*F8	$292,828			
F10	Number of finance team members trained on system	Composite	20	2	3	3
F11	Hours of training for finance users	Interviews	40	40	40	40
F12	Finance team average fully burdened hourly salary	TEI standard	$46	$46	$46	$46
F13	Number of senior business managers trained on system	Composite	100	10	15	16
F14	Hours of training for business users	Interviews	4	4	4	4
F15	Senior business manager average fully burdened hourly salary	TEI standard	$78	$78	$78	$78
F16	Subtotal: Training costs	F10*F11*F12+F13 *F14*F15	$68,000	$6,800	$10,200	$10,512
Ft	Implementation fee, internal labor, and training	F9+F16	$360,828	$6,800	$10,200	$10,512
	Risk adjustment	↑10%				
Ftr	Implementation fee, internal labor, and training (risk-adjusted)		$396,911	$7,480	$11,220	$11,563
	Three-year total: $427,174			**Three-year present value: $421,671**		

ONGOING MANAGEMENT

Evidence and data. Interviewees felt that the ongoing management of Workday Adaptive Planning took relatively little effort. Activities included maintaining process setups, integrations, and data feeds, as well as performing formula and quality checks and updating assumptions. Ongoing management was generally performed by a member of the FP&A team.

- The HRIS solutions architect in health technology and the director of corporate planning in engineering services both said they had one FTE dedicated to ongoing administration for Workday Adaptive Planning.

- The senior director of finance in software and the senior director of FP&A in technology shared that their ongoing management efforts took 1 to 2 hours per week.

Modeling and assumptions. For the composite organization, Forrester assumes:

- One FP&A employee spends 50% of their time on ongoing maintenance of Workday Adaptive Planning. Activities include monitoring and managing integrations and data uploads, updating models and assumptions, and performing quality and process checks.
- The fully burdened annual salary for the individual is $95,500.

Risks. An organization's costs related to ongoing management depend upon a variety of factors, including:

- The complexity of their deployment, including the number and types of integrations and data sources, models, and use cases.
- Organizational preferences or requirements about quality assessments.
- The employee's role and salary.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $131,000.

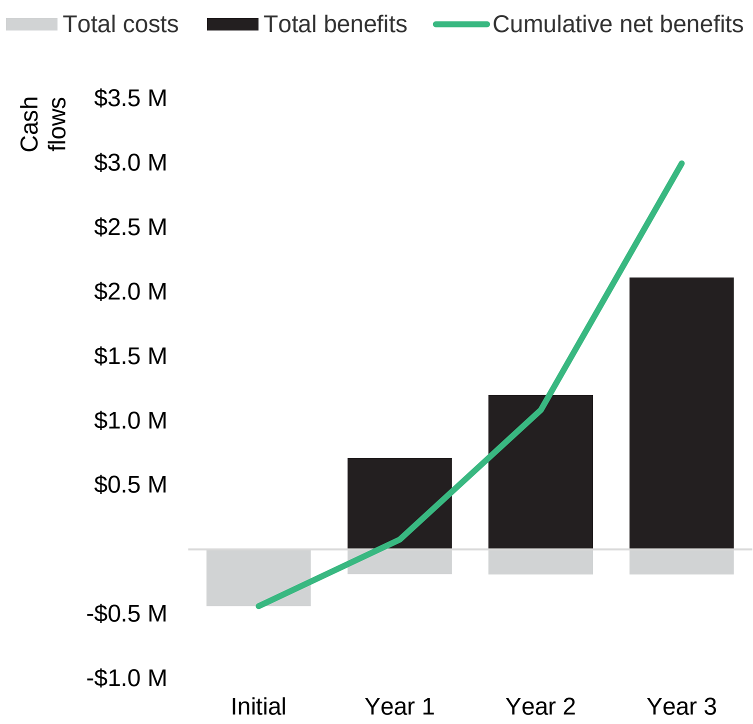
Ongoing Management

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of finance FTEs administering Workday Adaptive Planning	Composite		1	1	1
G2	Percent of time dedicated to management	Interviews		50%	50%	50%
G3	Finance team average fully burdened annual salary	TEI standard		$95,500	$95,500	$95,500
Gt	Ongoing management	G1*G2*G3	$0	$47,750	$47,750	$47,750
	Risk adjustment	↑10%				
Gtr	Ongoing management (risk-adjusted)		$0	$52,525	$52,525	$52,525
	Three-year total: $157,575			**Three-year present value: $130,622**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI and NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI and NPV values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($440,661)	($191,255)	($194,995)	($195,338)	($1,022,249)	($922,442)
Total benefits	$0	$708,955	$1,198,747	$2,109,627	$4,017,329	$3,220,198
Net benefits	($440,661)	$517,700	$1,003,752	$1,914,289	$2,995,080	$2,297,756
ROI						249%

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Appendix B: Endnotes

[1] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.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