Report

The Data-Enabled Public Sector Finance Function

What to know when moving beyond ERP.

Finance is the bedrock of modern business, government, education, and much more. Unfortunately, many finance operations remain tied to legacy enterprise resource planning (ERP) systems that were designed for the data velocity, volume, and veracity of 20 years ago.

This leaves today's finance leaders with daunting questions:

- How can we create insights from the data deluge finance is dealing with today?
- How can we leverage best-of-breed and niche solutions specific to the industry without ending up with a complex, resource-draining software stack?
- How can we meet our obligation to be a strategic asset and contributor to the entire organization?
- How can we prepare for a future in finance that nobody can predict?

The increasing volume and breadth of data has challenged finance for decades. It has accelerated exponentially as organizations measure broader metrics with more factors such as employee satisfaction, operational data, and environmental, social, and governance (ESG) data.

Meanwhile, finance operations are also being asked to generate strategic organizational insights and make them available to cross-functional stakeholders. In other words, the office of finance is expected to not only track value but also create it.

Organizations have already recognized the benefits of industry-specific financial operations software as compared to their previous monolithic systems, but they typically lack a core system that brings everything together and makes it work. Furthermore, finance and IT are under constant pressure to adopt new systems quickly as technology improves.

Workday goes beyond traditional ERP and provides the digital backbone needed to unite an organization's ecosystem and bring data, people, and processes together. With its adaptable architecture, Workday helps organizations compose the right mix of systems and unite financial, people, and third-party data in an intelligent data core and streamline processes for greater interoperability across the ecosystem.

This ushers in a new era for finance and IT, where finance is empowered to configure, report, and adapt—resulting in greater productivity, effectiveness, and real-time insights. IT remains a critical and strategic partner that gains a trusted, easily supported technology foundation in Workday—enabling continuous innovation and more time to focus on other strategic initiatives with confidence.

Above all, Workday empowers finance to become a nimble, highly strategic player in any organizational ecosystem.

This report explores:

- The intelligent data core and how it surfaces deeper insights for finance teams
- What Workday finance solutions do and how they integrate
- How public sector organizations can revolutionize their finance operations with Workday

Workday solutions for finance:

- Workday Financial Management
- Workday Grants Management
- Workday Prism Analytics
- Workday Adaptive Planning
- Workday Spend Management

What to know when moving beyond ERP.

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Workday gives us one HCM and finance solution with one user experience and one security model.”

Finance Director, Clark County

Built on an adaptable platform.

Workday Financial Management is a best-in-class application built on an adaptable platform that enables finance leaders to create a composable technology strategy designed to easily integrate with other organization applications and extend the platform by building new capabilities.

This approach enables finance teams to compose the right mix of systems that:

- Streamline organizational processes and creates greater interoperability between systems
- Unite third-party, financial, and people data
- Empower finance to analyze critical operational data and surface deeper insights

With an adaptable and configurable platform, IT can take the lead on enabling cross-system integration, while finance can configure organizational processes, finance structures, unique views of data, or new experiences.

And when a need extends outside the bounds of what the current systems can support, low-code application development empowers finance and IT to easily and securely collaborate to develop new capabilities on the Workday system.

Securely uniting data from across the ecosystem in an intelligent data core.

Crucially, Workday provides an intelligent data core that unites an organization's financial, people, planning, and third-party data, as well as their analytics processes. What makes it "intelligent?" Workday securely unites this data from across the organization's ecosystem, providing greater control over data management, reducing data redundancy, and delivering a complete and multidimensional view of operations. It applies machine learning to make transaction processing touchless, intelligently ingest invoices, route for reviewing and approval, and detect anomalies and risks.

In other words, organizations gain a single finance-owned data hub to ingest, transform, and—when needed—create accounting from any source. With the most critical finance, workforce, operational, and external data connected by the same object data model, finance can give decision-makers a richer view of operations, streamline core accounting processes by reducing reconciliations, and enable leaders to respond quickly when new questions are asked—all while maintaining consistent security and data integrity.

Related Workday solutions built on this architecture include Workday Prism Analytics, Workday Spend Management, and Workday Grants Management, all designed to meet the common administrative needs of public sector organizations.

These solutions automate the ingestion, processing, and reporting of data within Workday Financial Management while delivering a comprehensive audit trail for every transaction, along with related drill-down paths. Because they are native to the Workday environment, they are fully integrated and work seamlessly to deliver a unified, intelligent data core.

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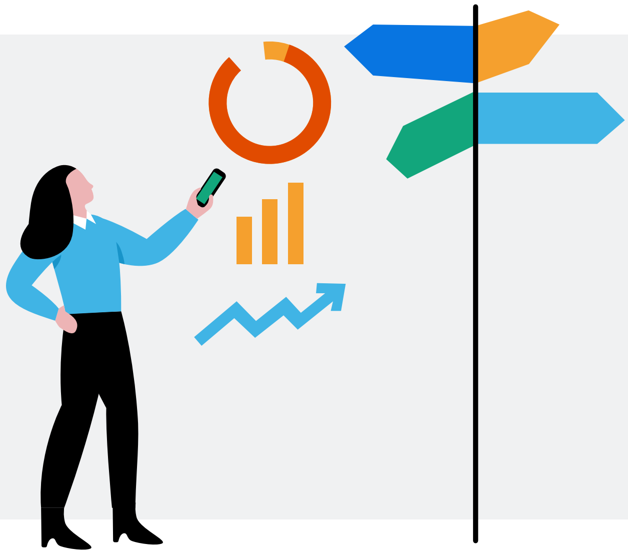

A new standard for insights.

The intelligent data core also maintains all the rich details around organizational events and transactions through financial statements and management reports. Nothing is stripped or summarized away, providing the full context associated with balances in all reporting, which goes beyond traditional accounting keys and charts of accounts.

> Nothing is stripped or summarized away, providing the full context.

Finance can then analyze the organization across virtually any dimension—cost center, account, event, supplier, grant, and more. This sets a new standard for insights and controls by blending Workday and non-Workday data together, and providing superior data management capabilities where finance can manage data ingestion, apply additional calculations for different reporting, and configure accounting rules while also documenting change as it happens for easy audit reporting.

This empowers finance with deeper insights and control, and frees IT from being a report-writing help desk. IT, like finance, gains precious time back to focus on innovation, agility, and other expected outcomes.

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Fuel frictionless processes.

Embedded within the intelligent data core are machine learning algorithms and configurable frameworks that securely activate and intelligently automate organizational processes. Finance and IT can easily configure and adapt workflows across systems to provide the highest level of efficiency. Embedded machine learning in the data core makes transaction processing touchless, where invoices, for example, are ingested, intelligently routed and categorized, and flagged for review should anomalies or exceptions exist. This fundamentally shifts the way finance and IT work, by providing both groups with time back to focus on configuration, exceptions, and analysis.

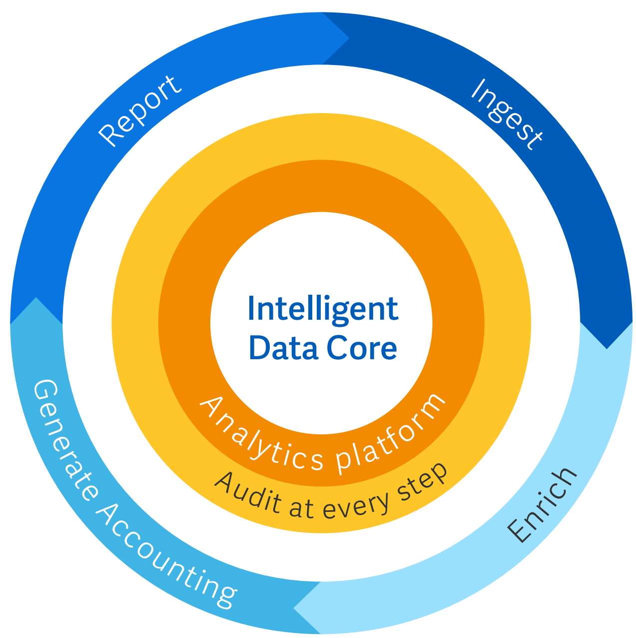
Case study:

Clark County digitizes operations to meet changing government needs.

Read the full case study.

Washington State's Clark County was growing too quickly to continue forward with its paper-based, cumbersome processes. Its legacy systems could no longer support the operational complexity of the organization.

With Workday, Clark County was able to simplify processes and eliminate redundancies. The County replaced 75 sources of paper files with one digitized source of data and consolidated 10,000 general finance ledgers down to 400. Through this, the County staff ensured that they could use their time to concentrate on efficiency and better serving their constituents rather than be mired in day-to-day report management.



Workday Grants and Payroll

Public sector organizations rely on grants to help fuel their innovation for ideas, programs, and projects. The alignment to Workday Financial Management, Workday Human Capital Management (HCM), and Workday Payroll eliminates manual handoffs and integration points, which provides improved accuracy, visibility, and compliance in a central location. Workday provides an end-to-end system that is intuitive and configurable, and leverages a unified platform for a complete view into managing grant compliance.

Workday Grants Management and Workday Payroll continually work together to build solutions to improve grants compliance, such as:

- Payroll charges, where organizations can check grant contract/performance dates for competitive awards and automatically prorate charges for the payroll periods preceding or exceeding the grant performance dates
- Payroll encumbrances that can extend for five years in order to provide more accurate available balances for multi-year competitive awards

Workday Grants Management is also fully integrated with Workday Financial Management in real time and supports:

- Scenarios for both competitive and programmatic awards
- Expenditure checks against grant contract/performance dates, and against contract status for all relevant financial transactions
- Budget checks based on the life-to-date or annual funding specified for each award
- Ability to define additional restrictions on the type of expenditures allowable for grants that will also be checked automatically for all financial transactions such as charges that are federally restricted, or to reflect award-specific restrictions
- Grant accounting to automatically generate indirect cost and to recognize revenue
- A variety of billing scenarios, which automatically reflect results in accounts receivable

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At Workday the financial applications teams are focused on delivering solutions for the public sector, and the Grants Management team is no exception. We’re excited about our solution for programmatic or “formula” awards that’s built on a new framework for cost reimbursement, which we’ll broaden in the future to encompass competitive awards as well.”

John Cunningham
Product Manager,
Grants Management,
Workday

A glossary of ERP: demystifying key terms.

IDC, Forrester, and Gartner® all agree that the future of ERP is ecosystems of composite applications or composable business capabilities running in the cloud on a trusted core. IDC refers to this as the intelligent core, Forrester refers to it as the digital operations platform (DOP), and Gartner refers to it as composable ERP. We'll break down each of these industry terms and how they relate to finance.

Steps	Definition	Finance Benefits
Intelligent data core as described by IDC	A unified source of truth that powers the adaptable enterprise management cloud. It allows for ingesting large-scale data and managing it through a single source—maintaining complete traceability, lineage, tagging, and visibility without having to extract data from siloed databases. *(IDC refers to a similar concept as intelligent core or enterprise intelligence.)*	• Securely unites data (structured and unstructured) from across the ecosystem • Transforms data into insights relevant across the organization—without needing to extract from separate databases • Simplifies management and configuration, obtains deeper insights, reduces data reconciliation, and confidently reports on the state of the organization
Digital operations platform (DOP) as described by Forrester	"The core enterprise applications that are necessary for digital business and which are the foundation for business operations and customer experiences—although often behind the scenes. Example categories in the DOP are operations, product configuration, supply chain, product engineering, logistics, and billing. The DOP can be comprised of individual solutions but is often based on a suite of solutions built to work together." Source: Forrester Glossary	• Defines an architecture and approach that brings the entire organization together through a platform approach • Discovers ways to extend this platform for unique organizational needs delivered through the ecosystem, accelerating innovation
Composable ERP as described by Gartner	"Composable ERP is an adaptive technology strategy that enables the foundational, administrative, and operational digital capabilities leveraged by enterprises to keep up with the pace of business change. This strategy delivers a core of composable applications and, as a service, software platforms that are highly configurable, interoperable and flexible to adapt to future modern technology." Source: Gartner, "The Future of ERP Is Composable," 2020	• Allows IT and finance to unite systems needed to optimally manage operations • Combines finance with best-of-breed solutions • Understands the strategic intersections of operational and finance data • Pivots rapidly and creates value for the organization
Enterprise management cloud	A unified solution built on an adaptable platform enabling organizations to plan, execute, and analyze in the cloud.	• Combines adaptability with secure, trusted data • Continuously recalibrates and makes the best decisions to drive the organization forward • Builds on all three of the previous concepts and uses an intelligent data core, designed with composability in mind

Benefits of the composable strategy.

Workday enables organizations to adopt a composable strategy and realize several crucial benefits:

Improved decision-making: Organizations can generate value through improved decision-making because executives and managers have a more complete view of operations in one location, with insights delivered automatically and the data always in real time.

Greater efficiency: With a united ecosystem of data and processes, organizations can configure highly automated processes that enable them to work smarter and easily interoperate across systems. Embedded machine learning is paving the way for organizational processes to become touchless, enabling finance to focus on the exceptions, anomalies, and analysis.

Improved adaptability: By enabling a composable ERP strategy, Workday gives organizations more agility and flexibility to choose best-of-breed cloud solutions to optimize their operations. This contrasts with using expensive customization in traditional one-size-fits-all legacy ERP solutions.

Reduced complexity, customization, and cost: Workday reduces complexity across the organization. For finance leaders, information is unified and actionable; for IT, the Workday prebuilt and vendor-managed integrations reduce the need for laborious and expensive API development and custom coding.

Simplified configuration and maintenance: The Workday "click to configure" model and finance-focused UI/UX make configuring and maintaining the system far less complex, time-intensive, and expensive compared to legacy ERPs. Workday also facilitates the integration between state-of-the-art, third-party operational systems with industry-tailored capabilities that most rigid legacy vendors are unable to match.

Workday plays well with others.

With the most critical finance, workforce, operational, and external data connected by the same object data model, finance can give leaders and decision-makers a richer view of operations.

Ready to deliver extraordinary value? Good, so is Workday.

Much like the move to the cloud has become a question of “when” and not “if,” the adoption of a composable ERP strategy will soon be assumed for most enterprises. The challenge these organizations face right now is finding a solution that frees their teams to do their best work today and prepares them for an ever-changing future.

Workday delivers superior and simplified accounting, finance, reporting, and analytics capabilities, as well as improved outcomes through better data-driven decisions. In one system, organizations can capture all the upside of best-of-breed technologies while dramatically simplifying how various sources of data are consolidated and made actionable for managers and executives.

The Workday composable strategy also enables organizations to be more agile in the future, so they can swap new systems in and out without having to completely reengineer their general ledger or reporting and analytics capabilities.

In a future world of finance that is guaranteed to be fast moving, this kind of nimbleness may well be the difference between thriving and merely surviving.

“Our old ERP was hard to get any data, and no one really trusted the data. Now we can be more accurate and drill into the details, and we can understand modeling impacts. With all this information, we are more well equipped for conversations with our regions.”

Jason Rausch
Manager of Financial Planning and Analytics, Sourcewell

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