workday.

Solution Brief

# Intelligent Data Foundation for Finance

For IT leaders, there has never been a better time to strengthen and expand a strategic partnership with the office of finance. Having withstood unprecedented disruptions to their businesses, priorities have certainly shifted; however, very few finance leaders plan to postpone initiatives to modernize their data management platforms—some have even chosen to accelerate their timelines. This is significant, as research from The Hackett Group found that, going into 2020, 88 percent of finance organizations had a major transformation initiative underway and 96 percent were planning on launching one in the next 12–24 months.[1]

Accelerating this digital transformation imperative is the need for greater organizational agility. Companies are struggling to put their data to work, leaving a valuable organizational asset largely untapped. McKinsey & Company has found that employees across a range of functions can spend around a third of their time on non-value-added tasks due to poor data quality and availability, with those in finance spending more time on sourcing, aggregating, reconciling, and cleansing data, in addition to manual reporting, than any other group.[2] At the same time, IT teams are looking to simplify systems, reduce spend, and decrease the amount of effort needed to maintain legacy systems. Ever-increasing demand from the business for actionable data and insights means IT-centric processes are unfortunately becoming the bottleneck to organizational agility.

## Innovation has led to a paradigm shift within finance.

Modern organizations have shifted from a philosophy of needing to consolidate any and all data into a centralized enterprise repository to flexible strategies focused on data accessibility, self-service, automation, and standardization. Finance teams of all shapes are rethinking how to more efficiently turn data into action. Vendor mergers and acquisitions, technological advancements (particularly around in-memory processing), and enhanced product capabilities (for example, embedded analytics and data discovery in business applications) are enabling this shift.

The needs of finance are well defined: minimized dependency on IT to organize and prepare data for consumption; reports that are real time, drillable, and ultimately actionable; and integrated security configuration for automated report distribution. CFOs know that digital transformation cannot happen without a collaboration with IT leadership. Therefore, the opportunity exists for CIOs to take the lead in expanding this partnership, leveraging their domain expertise in strategic areas such as governance, systems, and business continuity.

## A modern finance platform begins with data.

IT leaders should start with the foundational concept that governance can, and should, be managed by those closest to the business. A recent global survey of 998 executives showed that only 40 percent of CFOs feel their existing KPIs are fit for purpose for a digital business.[3] As business leaders pivot to redefine reporting requirements—and the data sources, transformations, and reconciliations needed to support those requirements—organizations should invest in solutions that can be easily adopted and configured by business users, without the need to code. Outsourcing governance of financial and accounting data means that the office of finance owns defining, implementing, and maintaining critical components such as the financial data model, accounting rules, mappings, calculations, and metrics. While some of this information may reside in a master data management solution, finance teams should have the ability to seamlessly integrate this data and map it to financial transactions and operational data.

1. The Hackett Group, "Looking Past COVID-19: Five Critical Messages for CFOs," 2020. https://forms.workday.com/en-us/reports/finance-hackett-group-post-covid/form.dl.open.html
2. McKinsey & Company, "Designing Data Governance That Delivers Value," 2020. https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/designing-data-governance-that-delivers-value
3. Workday, "Organizational Agility at Scale: The Key to Driving Digital Growth." https://forms.workday.com/en-us/reports/organisational-agility-global-report/form.html

Next, user interfaces should enable business users to efficiently manage and transform data for consumption. Standard requirements now include easily configurable integrations and APIs to connect to middleware and external applications, big data preparation and processing without the need to code (for example, a user-friendly function library), and the flexibility to structure data for any type of reporting, analytics, or planning use case. Shifting these processes out of IT and into finance, with an emphasis on automation, is a win-win. IT teams can reallocate resources toward high-value activities, such as creating machine learning algorithms, while finance teams gain more control and scalability regarding critical business processes.

Lastly, a modern finance platform should provide a complete view of business performance. In that sense, it should seamlessly integrate real-time financial transactions and historical data from legacy systems, in addition to operational data from industry-specific or homegrown solutions. Access to data should be self-service, supporting both canned report creation and ad hoc exploratory analysis. Data should feed into planning models, with outputs integrated back into the transactional system of record for variance analysis. And all of this data should be extensible, available to data science teams for advanced analytics and modeling as well as application developers for building custom extensions and interfaces.

## Workday complements an enterprise data strategy.

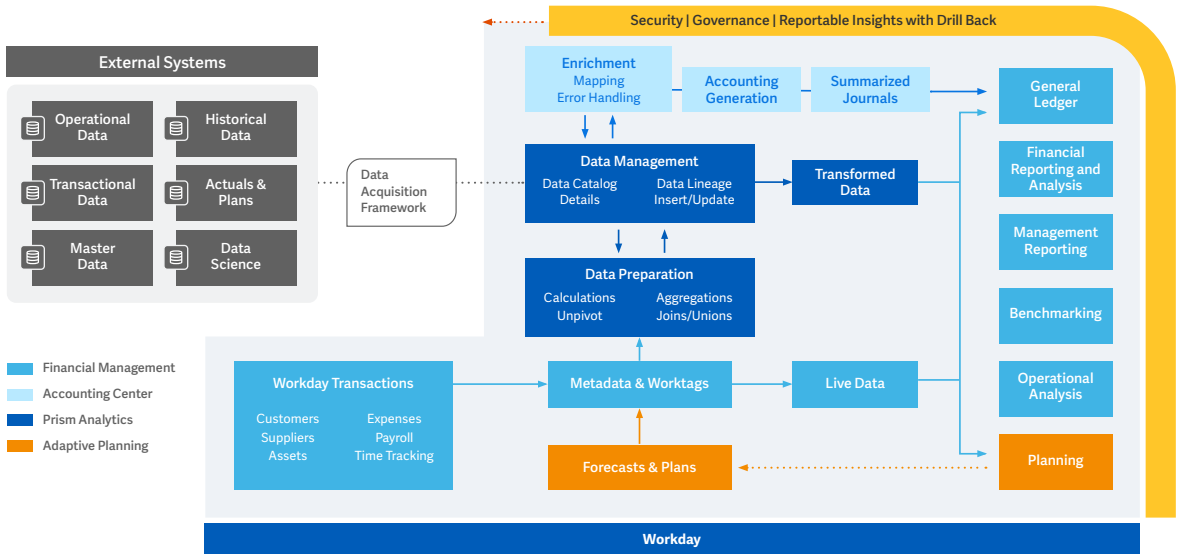
The primary focus of a data hub is the governance and the seamless connection of disparate data sources. Implementations vary widely, but most focus on developing a consistent semantic layer; providing multiple processing strategies across data integration, persistence, and access; and supporting a wide range of use cases. As Workday is purpose-built for the needs of finance, our data hub provides a modern finance platform with the following capabilities.

1. **The ability to easily ingest, transform, and manage disparate data sources.**
   The Workday Integration Cloud is a set of services that synchronizes data in Workday with the many different systems used by customers. These services schedule and run integrations developed by Workday, Workday Partners, or customers in a secure, isolated, and supervised environment. The core of Workday integration capabilities is a fully embedded Enterprise Service Bus (ESB) that flexibly handles the transformation of inbound and outbound data payloads, and brokers and varies the delivery protocol to support the latest technical standards and specifications. Workday also makes available APIs that work with customers' existing middleware platforms. As data is ingested into Workday, it is persisted in Hadoop, a proven technology for storing massive amounts of data and computation. One hundred percent of all data persisted is encrypted. Workday's data preparation capabilities are visual and intuitive, allowing financial analysts to create, maintain, and adjust data transformation pipelines without the need to write code. They are explicitly designed to adapt to change, for example, to accommodate the addition of new data sources, adjustment of mappings, addition or removal of dimensions and attributes—without the months of effort commonly required with legacy approaches.
2. **The ability to generate accounting from large volumes of operational data.**
   With Workday, business users control how data enrichment rules are defined and configured to generate detailed accounting, which includes business dimensions and attributes from operational systems. Workday provides a single point of maintenance for accounting rules across all operational activity, whether data is sourced from Workday or external systems. With competitors, these rules often exist in separate silos, creating unnecessary maintenance overhead. From this detailed accounting, summarized

journals are created, based on rules that are defined and maintained directly by the accounting team, then recorded in the Workday general ledger. This combination of summary journals and detailed accounting, both stored in Workday's in-memory object model, allows the full portfolio of Workday reporting and analytics tools to provide complete drill-to-detail for all data in the general ledger, and a complete and auditable view of data lineage from raw operational transactions to financial, management, and variance reporting.

### 3 The ability to turn data into action in the same place decisions are made.

Competitors' analytics and reporting solutions sit outside the system of record, and data must be replicated from the ERP to a BI tool. With Workday, analytics are completely integrated with the system of record, enabling real-time reporting and ad hoc analysis on live transactions. In addition, external operational and historical data that is ingested into Workday, along with enriched accounting datasets, can be queried using Apache Spark, a proven technology for high-volume analytics workloads. Workday provides a comprehensive set of reporting and analytics tools that meet the needs of finance and accounting users, managers, executives, as well as lines of business—all connected with and secured by the same object data model, which is part of a single codeline shared with our HCM solution. Datasets can be published in-memory, with analytics embedded in business processes or surfaced on common workspaces, such as a worker or customer profile. The security model is based on each user's individual circumstances and applied to every field of every detail record, ensuring that in all circumstances users only see data they are permitted to see. This means that everyone can access insights in a form that makes the most sense for each user's needs, without having to worry about the integrity and security of the data.

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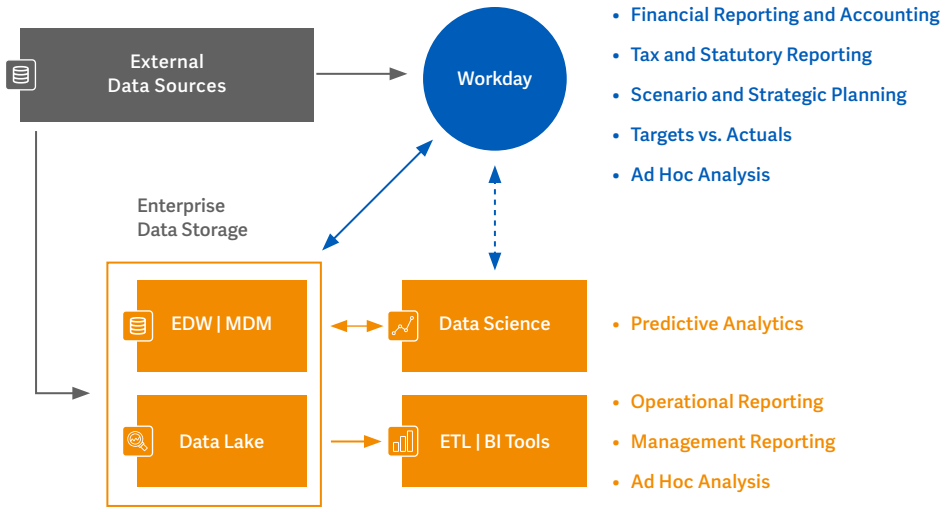
## Solution 1: Some reporting and analytics use cases migrated to Workday.

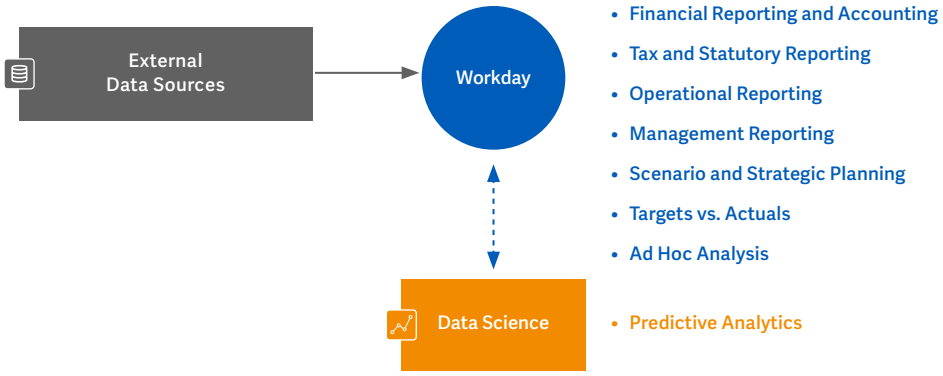
Most customers will have some form of data warehouse or data lake for storing and provisioning enterprise data to downstream systems. Customers can choose to complement their enterprise data strategy by opting to migrate some reporting and analytics use cases into Workday, with Workday provisioning governed and enriched financial data back into the enterprise data store for downstream usage.




| SOLUTION BENEFITS | SOLUTION CHALLENGES |
|---|---|
| Shifts data governance to teams that are closest to the business | Requires security and compliance maintenance across multiple systems |
| Aids transition by leaving certain aspects of current solution in place | Increases complexity with calculations and statistics stored in multiple places |
| Reduces IT dependence; empowers finance with greater self-service for certain use cases | Limits actionability of data surfaced in BI tools outside of Workday |

## Solution 2: Workday becomes the data hub for all financial reporting and analytics.

For customers that want to simplify their technology environments and reduce resources dedicated to manual processes, systems maintenance, and ad hoc requests from business users, Workday provides a financial data hub to support all reporting, planning, and analytics use cases.




| SOLUTION BENEFITS | SOLUTION CHALLENGES |
|---|---|
| Delivers a complete view of business performance all in one system | Requires additional training due to increased ownership by finance teams |
| Enables full data lineage and audit since data never leaves Workday | Provides certain capabilities found in data warehouses and data lakes, but not all |
| Reduces spend and resources allocated to legacy systems | |

### Factors for considering whether data belongs in Workday:

| WHEN TO BRING DATA INTO WORKDAY | WHEN TO KEEP DATA IN EDW/DATA LAKE |
|---|---|
| Report or analysis directly impacts a Workday business process or decision occurring within Workday | Mixed data does not relate in any way to an "active" object in Workday, such as a worker, organization, and so on |
| The gravity of data is sourced from Workday, or the external data is meant to extend a Workday object | When the data itself is unstructured or non-relational |
| Underlying data and/or report needs to be secured based on existing Workday role or security group (for example, restricting only to manager's direct reports) | Mixed dataset will not be regularly analyzed or queried; report or analysis is one time or ad hoc (for example, where Excel would be the likely analytical tool) |
| The report distribution audience is wide and aligned to a Workday role (for example, manager) | Mixed dataset will be used to produce advanced analytics (for example, where R/Python code would query data) |
| The report distribution audience does not have access to a non-Workday tool (all workers have access to Workday) | Report or analysis is to be produced and/or published in a non-Workday tool that offers product functionality beyond Workday capabilities |

## Conclusion

The truth is that companies are struggling to put their data to work, leaving a hugely valuable organizational asset largely untapped. Finance is being asked to provide more frequent guidance than ever before and must shift their focus from delivery of core financial processes to providing guidance and strategic partnership across the enterprise—a shift made possible by accelerating digital initiatives and the cloud. For finance, the pressure is on to turn data into action. Legacy approaches centered on manual processes weren't built to handle the massive amounts of data being generated and captured by modern enterprises.

Workday solutions meet customers wherever they are on their digital journey. When considering where Workday fits within a broader enterprise data strategy, special attention should be paid to consistent user experience, security and distribution, shadow reporting, and system of record.

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|---|---|
| **Consistent user experience** | Prioritize at the persona or user level to ensure that reporting and analytics experiences are consistent |
| **Security and distribution** | Leverage Workday security, where possible, to minimize maintenance; pushing users to downstream BI tools will likely increase overhead and limit distribution |
| **Shadow reporting** | Inventory and monitor reports and analyses produced in Workday, as well as downstream tools; data governance can ensure consistent results, but sensitive information should remain in Workday |
| **System of record** | Minimize downstream codification of reportable attributes or measures; for example, "custom" employee segmentation (organizations, jobs, functions, and so on) should be maintained in Workday whenever possible |

**Learn more.** To explore how a Workday solution can work for you, please contact Sales at workday.com/contact or +1-877-967-5329.

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