



# Customers are seeing value from Workday AI, says CEO Carl Eschenbach

By **Stuart Lauchlan** August 23, 2024

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**SUMMARY:** The "next generation of AI" will be on the agenda at next month's Workday Rising.



With Workday Rising looming next month, Workday turned in a strong set of second quarter numbers. Revenue for the period came to \$2.09 billion, up 17% year-on-year, with subscription revenue of \$1.093 billion, also up 17%. Net income came in at \$1.2 billion, compared to a \$126 million loss in the

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analyst call:

**"** *We innovate to drive customer success and deliver true business value, and that's why customers are coming to Workday for our AI innovation. They want to partner and they're looking to us to lead them into the future.*

*Workday AI is fueled by the quality and quantity of our data set and Workday's understanding of our customers' HR and finance processes.*

*We now have more than 70 million users under contract conducting more than 800 billion transactions on the Workday platform annually.*

*This data and the context behind it gives us the ability to unlock productivity in a way no other company can. In Q2, we announced new AI innovations to help our customers hire the right talent better and faster than ever before. For instance, our new AI capabilities in our HCM product identify emerging skills and simplify job profile management to accelerate skills-based talent strategies.*

Customers are realizing value from Workday AI, he added:

**"** *For example, a HiredScore for Talent Mobility customer saw a 40% increase in internal application rates. For one of our entertainment customers, invoice automation is driving a 70% plus increase in processing capabilities. And for*

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Carl Eschenbach at Rising EMEA 2023

*next. We see an opportunity to exponentially increase the value to our customers by reimagining end-to-end HR and Finance processes through the power of AI.*

## Monetizing

With a growing trend to 'show us the money' when it comes to AI, Eschenbach took time to explain Workday's monetization strategy:

**||** *We've said we're going to take a very measured, multi-pronged approach to how we monetize AI. First and foremost, we're monetizing it to our competitive win rates that are up once again this quarter. Our renewal rates remain very high and our customer satisfaction remains very strong. We are also at the same time not rushing to market and saying to our customers, we're going to have an uplift on our pricing just because we have now have more than 50, for example, AI use cases in the platform. We think they're entitled to that innovation. We will, though, when we see opportunity to do so, we will bring new SKUs to market where we can help our customers justify spending incremental dollars on AI from Workday.*

In terms of the wider commercial landscape, Eschenbach said the macro-economic climate hasn't changed since the start of the year:

**||** *In fact, we think the current environment of IT spending and the environment we're selling into isn't something that's just been here the last couple quarters. We think it's the new norm going forward. We're prepared because we have a great product. We provide a tremendous value proposition to both customers and prospects and regardless of what we're dealing with in the macro or the elections, we're going to continue to grow our business over the short term and long term because of that powerful value proposition we have.*

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**''** *Are we seeing people spend on AI and not spend, for example, in our case, on Workday? We see just the opposite. What we see and we hear from our customers, our customers believe and new prospect as we engage with them, they are investing in AI when they invest and partner with Workday. The reason for that is because of what you said. I think customers are now recognizing the value of AI in gen AI is only as good as the data you're using to train. And we have one of the most clean, highly curated data sets around HR and finance to drive value for our customers. And we think that's a huge differentiator for us both today and going forward.*

## My take

**''** *At Workday Rising, we will introduce the next generation of AI to illuminate the future of work.*

We'll be on the ground at Workday's conference next month to track all the announcements incoming.

*Disclosure - At time of writing, Workday is a premier partner of diginomica.*

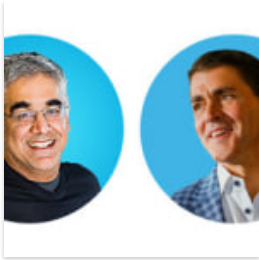
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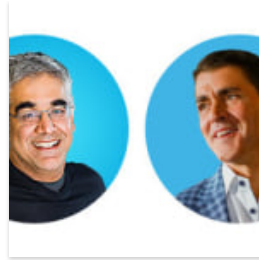
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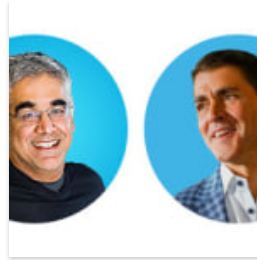
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