

Management Information Systems 13e

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CHAPTER 9 ACHIEVING OPERATIONAL EXCELLENCE AND CUSTOMER INTIMACY: ENTERPRISE SYSTEMS

CASE 1 **Workday: Enterprise Cloud Software-as-a-Service (SaaS)**

(a) What is Workday: Enterprise Software as a Service (Saas)



VIDEO
CASE



URL <http://www.youtube.com/watch?v=2gkBvllrTJY;L=3:52>

(b) Workday: Mobile Solutions for iPad



VIDEO
CASE



URL http://www.youtube.com/watch?v=a_CpGQvuR9k;L:7:06

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SUMMARY Workday is a cloud-based enterprise software company that went public in September 2012. Workday provides the functionality of enterprise software provided on site by firms like Oracle and SAP, long considered the duopoly of enterprise software. Unlike these traditional enterprise software firms that sell standalone software and the infrastructure required to operate it, Workday leases the software, which is located on Workday's cloud servers. Companies purchase subscriptions to their services, and then employees access the software through web browsers on laptops, desktops, and tablet computers.

CASE Workday provides enterprise cloud-based applications for human capital management (HCM), payroll, financial management, time tracking, procurement and employee expense management. The company is based in Pleasanton, California, and sells cloud-based human resources, payroll, and financial management tools and other related products. Workday is one of the most closely watched new companies in the area of cloud-based computing and SaaS (software as a service), along with early innovators like Salesforce.com, Splunk, ServiceNow, and Palo Alto Networks, all of which have done very well in raising funds and maintaining their share prices.

Founded in 2005 by executives formerly at PeopleSoft (a well-known human relations enterprise software company now owned by Oracle), Workday went public in November, and popped 72 percent in its first day of trading to \$48 a share. Workday sales grew 116 percent in the six months ending July 2012. In November 2012 it posted a quarterly net loss of \$41 million (GAAP basis) compared to a loss of \$18.6 million a year ago. Revenue was \$72.6 million in the quarter, which was up 99 percent year-over-year. While still not profitable, investors are piling into the stock because of the promise of future spectacular growth, with profits to follow.

Workday seeks to develop applications that are designed around the way people work today—in an environment that is global, collaborative, fast-paced and mobile. They update their software from their central servers three times per year. Customers are not charged for the updates, and the frequent updates has made it possible for the company to innovate rapidly. The company's first product was a HCM application in 2006. Since then the firm added a financial management application in 2007, procurement and employee expense management applications in 2008, payroll and mobile applications in 2009, a talent management application in 2010, and a native iPad application and Workday integration platform in 2011.

Workday generates revenue by selling three-year term subscriptions on an enterprise basis. Subscription fees are based on the size of the customer's workforce. The firm's strength is with human resource applications, and it currently derives a substantial majority of its revenues from subscriptions to its Workday HCM application. Workday markets its products through a direct sales force.

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Like other cloud-based software offerings, Workday's have a number of advantages over traditional on-premises enterprise software packages offered by SAP and Oracle's PeopleSoft division. On-premises software has to be purchased and installed on the firm's infrastructure. Firms require extensive consulting services to be able to install these systems, and the implementation period is often measured in years. These packages can be expensive to customize, time-consuming to implement, and difficult to upgrade. Companies running cloud software don't face the same problems, and can also save on hardware costs since they share computing resources with others. Workday and other SaaS providers offer firms a much less onerous implementation, much less expensive infrastructure requirements, and a less costly employee training period. Workday has attracted several U.S. customers, including Flextronics, Lenovo, and Kimberly-Clark.

Oracle and SAP are not standing still, and are currently promoting their own cloud-based versions of their existing enterprise products. But many in the marketplace see these adaptations of older software designs as clumsy, and only a partial step in the right direction. Workday, as many younger firms in cloud-based computing, has designed their products from the ground up as Web-based and has delivered products suitable for the new tablet and smartphone platforms.

VIDEO CASE QUESTIONS

1. What kinds of functionality and capability does Workday provide to its customers?
2. Why would a firm choose Workday over a competitor like Oracle or SAP? What role does a consulting firm like Towers Watson play in the implementation of Workday?
3. What role did the iPad play in supporting the development of Workday?
4. What is the Workfeed feature and why is it like Facebook?

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