

Workday, Inc.  
Form 10-Q  
December 02, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended October 31, 2016

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission File Number: 001-35680

Workday, Inc.  
(Exact name of registrant as specified in its charter)

Delaware 20-2480422  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)  
6230 Stoneridge Mall Road  
Pleasanton, California 94588  
(Address of principal executive offices)  
Telephone Number (925) 951-9000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 30, 2016, there were approximately 201 million shares of the registrant's common stock outstanding.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

Workday, Inc.

Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

	October 31, 2016	January 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$386,557	\$300,087
Marketable securities	1,527,238	1,669,372
Accounts receivable, net	268,945	293,407
Deferred costs	23,067	21,817
Prepaid expenses and other current assets	88,788	77,625
Total current assets	2,294,595	2,362,308
Property and equipment, net	334,265	214,158
Deferred costs, noncurrent	33,551	30,074
Goodwill and acquisition-related intangible assets, net	212,087	65,816
Other assets	48,071	57,738
Total assets	\$2,922,569	\$2,730,094
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$28,374	\$19,605
Accrued expenses and other current liabilities	66,075	43,122
Accrued compensation	103,206	91,211
Unearned revenue	900,441	768,741
Total current liabilities	1,098,096	922,679
Convertible senior notes, net	527,547	507,476
Unearned revenue, noncurrent	123,179	130,988
Other liabilities	36,288	32,794
Total liabilities	1,785,110	1,593,937
Stockholders' equity:		
Common stock	200	193
Additional paid-in capital	2,549,639	2,247,454
Accumulated other comprehensive income	2,622	799
Accumulated deficit	(1,415,002 )	(1,112,289 )
Total stockholders' equity	1,137,459	1,136,157
Total liabilities and stockholders' equity	\$2,922,569	\$2,730,094

See Notes to Condensed Consolidated Financial Statements.

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Workday, Inc.

Condensed Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	Three Months Ended October 31, 2016		Nine Months Ended October 31, 2016	
	2015		2015	
Revenues:				
Subscription services	\$335,722	\$242,700	\$921,953	\$667,435
Professional services	73,860	62,566	210,782	171,484
Total revenues	409,582	305,266	1,132,735	838,919
Costs and expenses <sup>(1)</sup> :				
Costs of subscription services	54,645	39,791	155,224	106,860
Costs of professional services	72,240	61,963	198,140	164,887
Product development	185,311	124,020	488,975	338,700
Sales and marketing	149,549	111,658	416,217	312,983
General and administrative	57,721	38,008	144,609	