Newsroom | Workday

Outdated HR Systems Cost Government $1 Billion Annually, New Workday Report Shows

Federal HR Modernization Lags Despite Costly Inefficiencies

PLEASANTON, Calif., May 12, 2025 /PRNewswire/ -- A new report from **Workday, Inc.** (NASDAQ: WDAY), the AI platform for managing **people**, **money**, and **agents**, reveals that outdated federal human resources systems are costing taxpayers nearly $1 billion in lost productivity every year. According to the report, 89% of federal HR leaders believe these outdated systems are significantly hindering agency performance and mission delivery.

The High Cost of Outdated Systems

The report, *Future-Ready Feds: Modernizing Human Capital Management to Empower Government Service*, highlights a critical inefficiency: Federal HR leaders dedicate almost half their time (48%) to system workarounds, error correction, data reconciliation, and manual tasks. Key challenges include security risks, limited analytics, and data sharing issues. Surprisingly, despite these clear problems, only 48% of leaders consider HR modernization a high priority, and 83% report lacking a modernization roadmap.

The consequences are real: During a typical week, 47% of federal HR leaders face data update delays due to manual processes, and more than one in four (28%) encounter system downtime or technical failures.

"The federal government is at a crossroads," saidLynn Martin, Chief Growth Officer Government, Workday. "Legacy systems are wasting valuable employee time and taxpayer dollars. Federal HR systems must embrace modernization to drive efficiency and enable data-driven decisions that enhance service delivery, customer satisfaction, and mission success."

The HR Transformation Imperative

Automation and shared services emerged as critical areas for transformation. Federal HR leaders believe 61% of processes could be at least partially automated, and an overwhelming 98% support shared service models with proper implementation. Key opportunities include AI-driven skills matching, centralized recruiting, and standardized personnel systems.

The report comes at a time where the federal sector is facing unprecedented change, highlighting the urgent need for HR modernization to support the federal workforce and meet mission demands. To accelerate this transformation, the report recommends federal agencies:

- Make HR modernization a mission-critical IT priority
- Digitize and automate manual HR workflows to boost efficiency
- Invest in workforce analytics to improve hiring and reskilling decisions
- Prioritize security and compliance in HR technology

About the Research

The *Future-Ready Feds* research was conducted by Meritalk and is based on a survey of 100 federal HR decision-makers across civilian agencies and the Department of Defense in February and March 2025. The resulting research has a margin of error of ±9.78 percent at a 95 percent confidence level. To view the full findings, click here.

About Workday Government Cloud

Workday Government Cloud is an integrated cloud platform for HR and finance with built-in federal functionality, responsible AI and machine learning, and a zero-trust architecture, serving a range of existing federal customers across civilian, defense, and intelligence agencies, including the Department of Energy (DoE).

About Workday

Workday is the AI platform for managing **people**, **money**, and **agents**. The Workday platform is built with AI at the core to help customers elevate people, supercharge work, and move their business forever forward. Workday is used by more than 11,000 organizations around the world and across industries – from medium-sized businesses to more than 60% of the Fortune 500. For more information about Workday, visit **workday.com**.

Forward-Looking Statements

This press release contains forward-looking statements including, among other things, statements regarding Workday's plans, beliefs, and expectations. These forward-looking statements are based only on currently available information and our current beliefs, expectations, and assumptions. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties, assumptions, and changes in circumstances that are difficult to predict and many of which are outside of our control. If the risks materialize, assumptions prove incorrect, or we experience unexpected changes in circumstances, actual results could differ materially from the results implied by these forward-looking statements, and therefore you should not rely on any forward-looking statements. Risks include, but are not limited to, risks described in our filings with the Securities and Exchange Commission ("SEC"), including our most recent report on Form 10-Q or Form 10-K and other reports that we have filed and will file with the SEC from time to time, which could cause actual results to vary from expectations. Workday assumes

no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this release, except as required by law.

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