



Financial Analyst Day

Las Vegas, Nevada
May 7, 2018

Safe Harbor and Other Information

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management and the effects of competition on our business.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates” (including, without limitation, financial estimates denoted with an “E,” such as FY18E), “targets,” “guidance,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “prospects,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts’ expectations, or to provide interim reports or updates on the progress of the current financial quarter. Further information on these and other factors that could affect our financial results are included in the filings we make with the Securities and Exchange Commission (the “SEC”), including those discussed in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

This presentation includes certain non-GAAP financial measures and the corresponding growth rates as defined by SEC rules. For additional information, see the slide titled “Statement Regarding Use of Non-GAAP Financial Measures.” Terms such as “Annual Contract Value” and “G2K Customer” shall have the meanings set forth in our filings with the SEC.

The information in this presentation on new products, features, or functionality is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The information on new products, features, and functionality is for informational purposes only and shall not be incorporated into any contract. The information on new products, features, and functionality is not a commitment, promise, or legal obligation to deliver any material, code or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

Statement Regarding Use of Non-GAAP Financial Measures

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Our non-GAAP presentation of gross profit, income from operations and net income measures exclude stock-based compensation expense, amortization of debt discount and issuance costs related to the convertible senior notes, loss on early note conversions, amortization of purchased intangibles, legal settlements, business combination and other related costs, and the related income tax effect of these adjustments. We believe the presentation of operating results that exclude these non-cash or non-recurring items provides useful supplemental information to investors and facilitates the analysis of our operating results and comparison of operating results across reporting periods.

Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by (used in) operating activities plus cash paid for legal settlements and repayments of convertible senior notes attributable to debt discount, reduced by purchases of property and equipment. Free cash flow margin is calculated as free cash flow as a percentage of total revenues. We believe information regarding free cash flow and free cash flow margin provides useful information to investors because it is an indicator of the strength and performance of our business operations. However, our calculation of free cash flow and free cash flow margin may not be comparable to similar measures used by other companies.

We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business. Please see the tables included at the end of this presentation for a reconciliation of GAAP and non-GAAP results.

Agenda

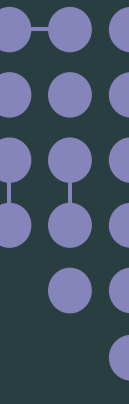
- **Purpose, strategy and culture**
 - John Donahoe, President and Chief Executive Officer
- **Innovation**
 - CJ Desai, Chief Product Officer
- Break
- **The Customer Perspective: Deloitte**
 - David Schneider, ServiceNow Chief Revenue Officer
 - Dejan Slokar, Deloitte Partner and Global ServiceNow Alliance Lead
 - Stephen Mansfield, Deloitte Chief Information Officer
- **Sustainable Growth**
 - Michael Scarpelli, Chief Financial Officer
- **Executive Q&A**



Building An Enduring Company

Purpose, Strategy and Culture

John Donahoe
President and Chief Executive Officer



Why I joined...to build a great, enduring company

Aspiration

- Build great, enduring company (“Built-to-last”)
- Clear leader in enterprise software
- \$1.5B → \$15B
- \$15B → \$100B
- Most admired and respected company
- Great place to work

What I'm hearing from customers



What I think

- 1 Cloud tailwind is still in early days
- 2 Our opportunity is enormous
- 3 Our focus is building a great, enduring company

Great enduring companies

They are
purpose driven

Innovation and
execution

They invest in
talent

Exhibit “will to
fight”
and “will to win”

A simple framework

Why?

Our Purpose

What?

Our Strategy

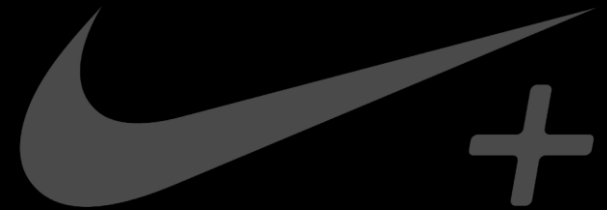
How?

Our Culture



To bring inspiration and
innovation
to every athlete* in
the world

*If you have a body, you are an athlete





Make people around the world feel like they can “belong anywhere.”



A man, Fred Luddy, is standing on a stage with his arms outstretched. Behind him is a large projection screen displaying his name and title. The stage is lit with blue light, and there is a thick layer of white smoke or fog at the base of the screen. The screen text reads:

FRED Luddy

Founder & Chief Product Officer

“When I started ServiceNow in 2004, my vision was to build a cloud-based platform that would enable regular people to route work effectively through an enterprise.”

Work matters

It's where we spend a third of our lives.

It shapes who we are, how we feel, and how we interact with the world,
so we must create great work experiences.

Experiences that bring out the best in us.

When we're at our best, we make everything around us better.

Our jobs, our coworkers and our employers benefit.
And our lives benefit even more.

Because by making the world of work, work better for people,
we make the world work better, too.

Our Purpose

**We make the world of work,
work better for people.**

A simple framework

Why?

Our Purpose

What?

Our Strategy

How?

Our Culture

Our 2018 priorities and action plan

Build great products and platform

Build Customer Success

Grow our talent

Establish company brand

We have the products to win

Emerging products



Security



Customer Service



HR

IT products



ITSM



ITOM



ITBM & ITAM



User and Service
Experience

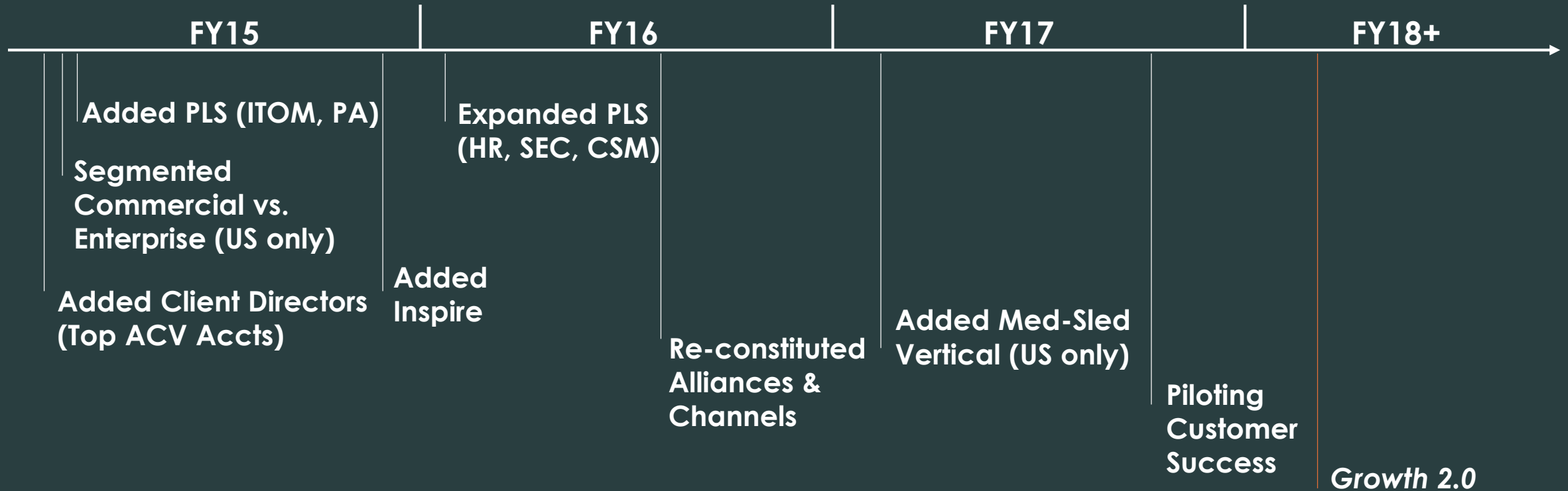


Now Platform™



Service Intelligence

We continue to evolve our strategy to drive growth



Expansion requires more world-class teaming



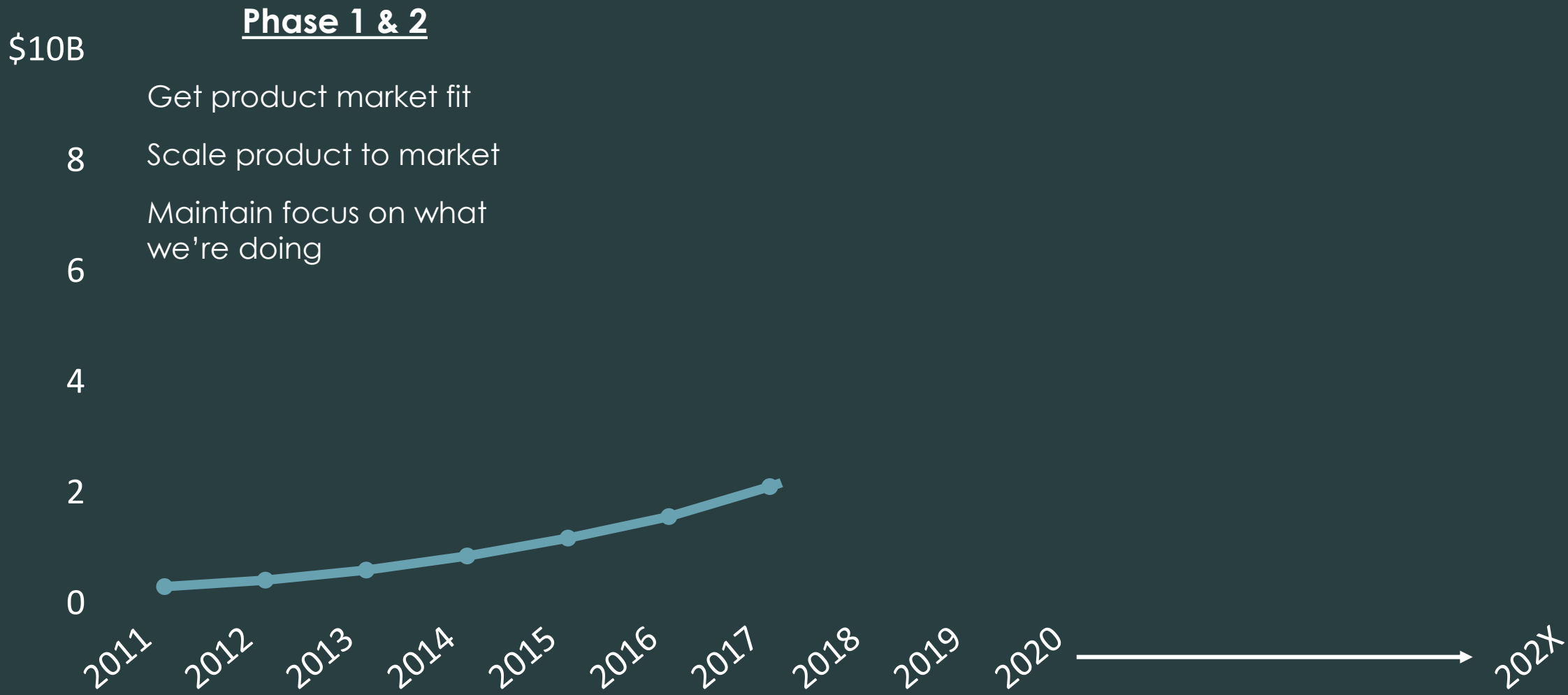
Grow our talent



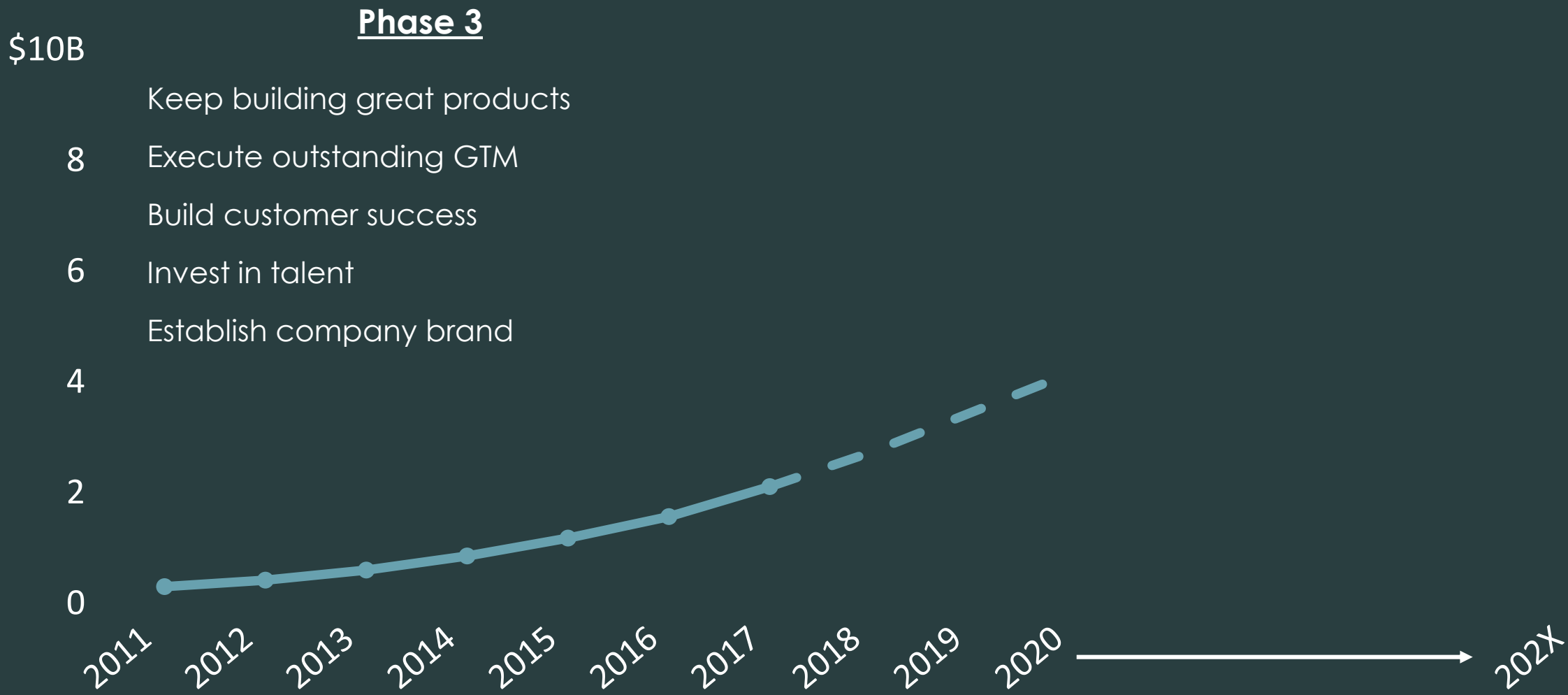
Establish a company brand

servicenow™

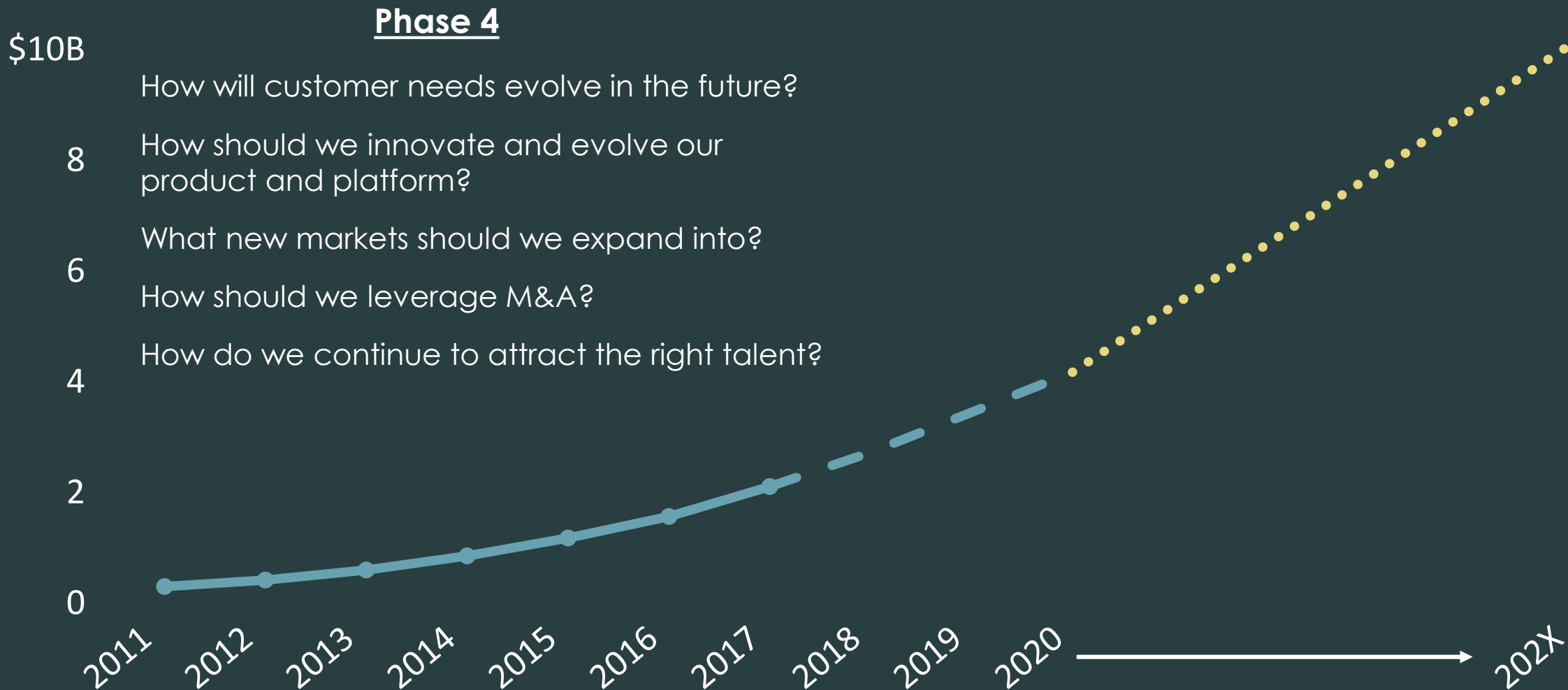
Our long-term vision



Our long-term vision



Our long-term vision





Building An Enduring Company

Innovation

CJ Desai
Chief Product Officer

ServiceNow architecture: One platform, many products

Emerging products



Security



Customer Service



HR

IT products



ITSM



ITOM



ITBM & ITAM



User and Service
Experience



Now Platform™



Service Intelligence

Customers are using the Now Platform in creative ways



User and Service
Experience



Now Platform



Service Intelligence

Workflow

Industry

Delivering smart citizen services

State & local government

Automated multicurrency expenses and usage reporting of 150k mobile devices

Global industrial manufacturing

Modernization of legacy parcel tracking system

Federal mail carrier

Shared Services to optimize complex workflow across 18 strategic business areas

Technology

Scheduling and automating physician tasks

Healthcare

Strengths of the Now Platform drive adoption



User and Service
Experience



Now Platform



Service Intelligence

- Cloud platform that is secure, scalable, and elastic
- Automates unique and complex business processes that span different systems
- Built-in analytics and intelligence
- Comprehensive feature set to build digital experiences
- Provides visibility and health in a multi-cloud IT infrastructure

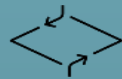
The Now Platform uniquely serves digital transformation initiatives

Deliver great experiences for customers and employees

Automate and optimize manual workflows

Now Platform

User Experiences



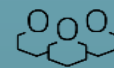
Service Portal



Service Catalog



Knowledge Base



Community



Status Notifications

Service Intelligence



Machine Learning and Intelligent Chatbots



Anomaly Detection



Peer Benchmarks



Actionable Analytics



Time-series Database

Service Experiences



Workflow



Integration and APIs



Visual Taskboards

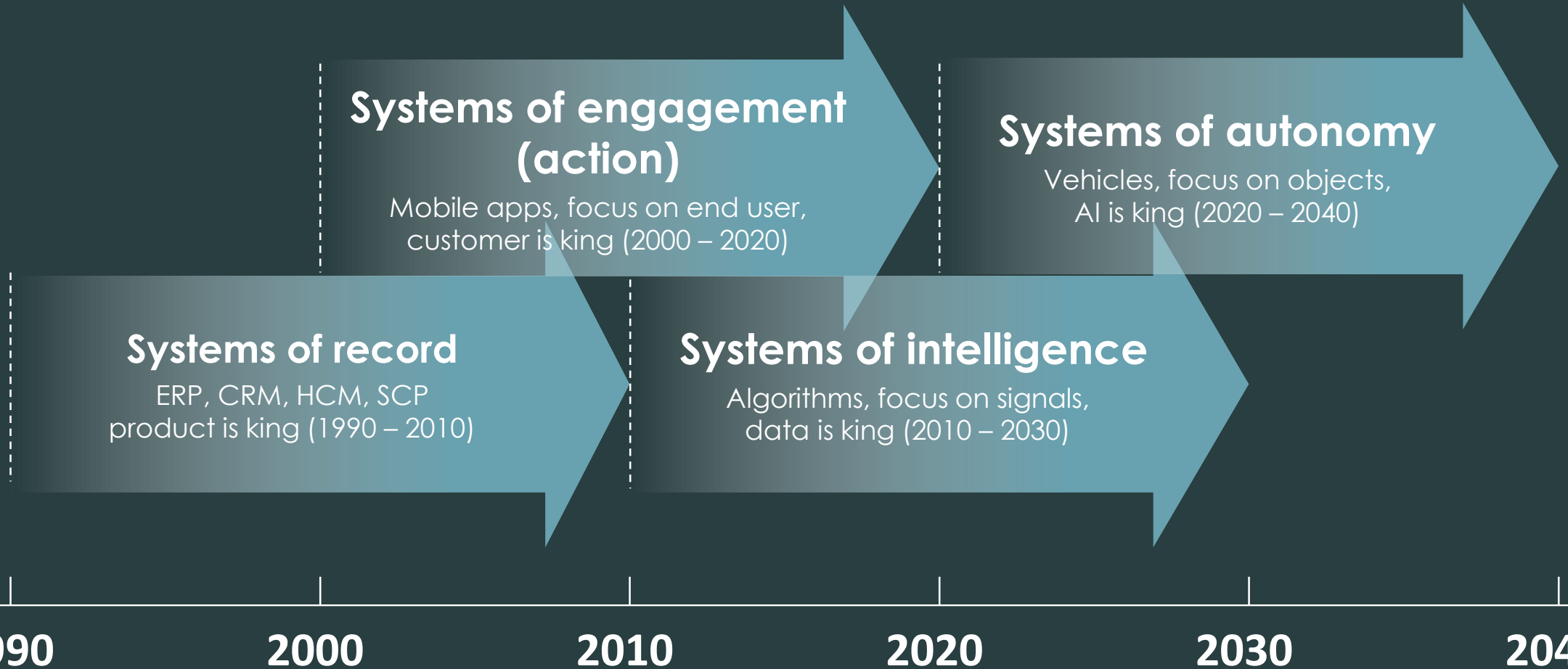


Low Code Dev Tools



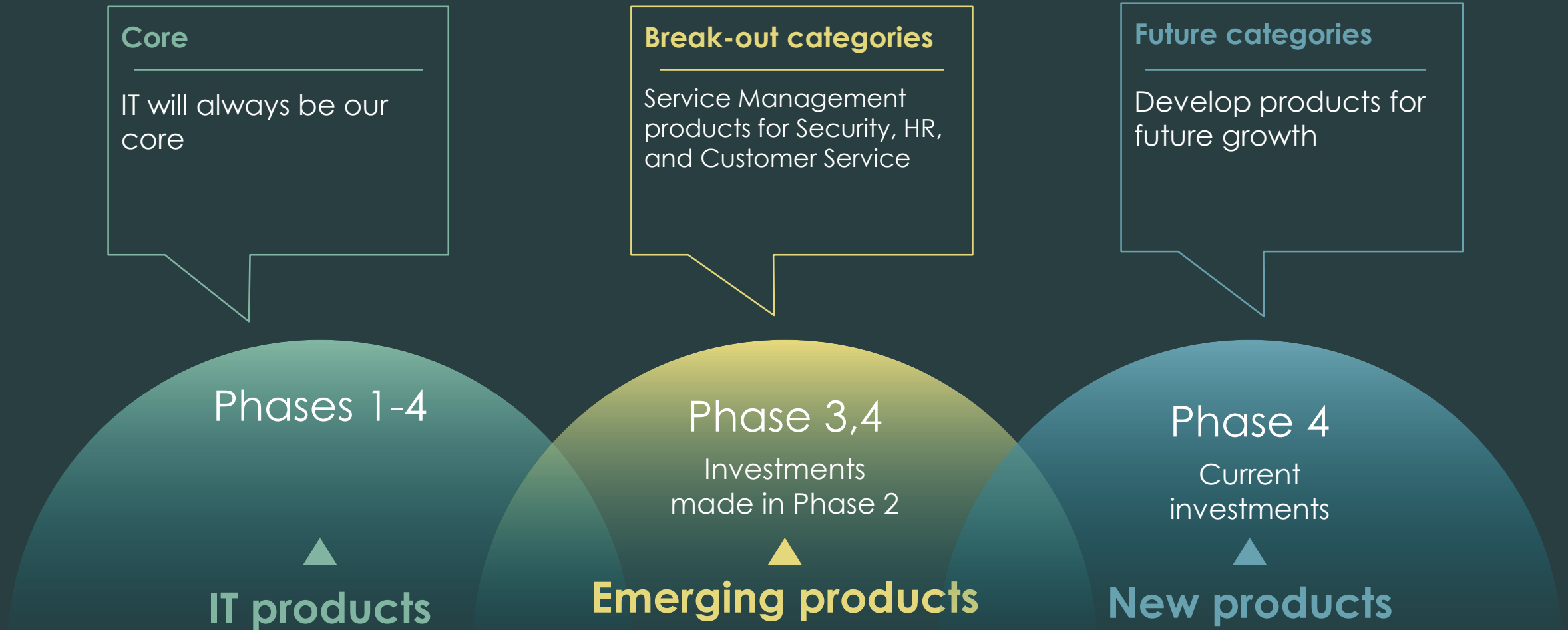
Service Aware CMDB

Our guiding framework: Disruptive technologies get adopted over decades



Source: Geoffrey Moore, [Zone to Win](#) Organizing to Compete in an Age of Disruption (2015)

Our guiding framework: Phases of product evolution



Platform and product team priorities



Deliver great
experiences



Deliver
innovation



Organic innovation, combined with talent-based and technology-oriented M&A

Deliver great experiences

Telepathy



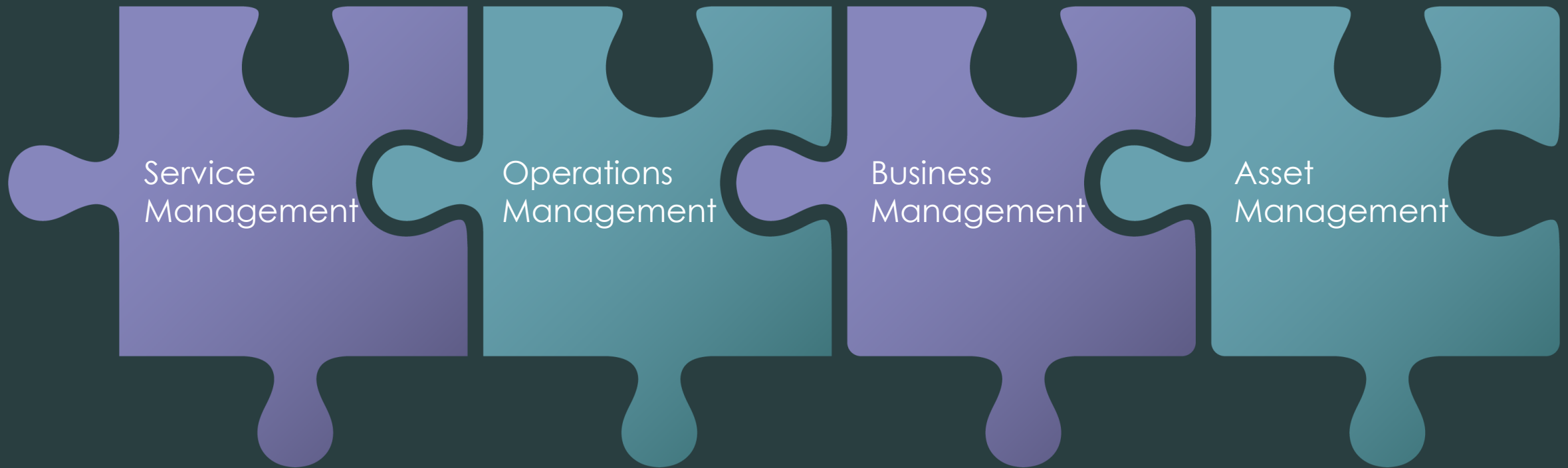
Deliver innovation





IT products

IT products of ServiceNow serve major functions of CIO



IT products roadmap

		1	2	3
ITSM		Natively built intelligent Virtual Agent and Integration with Major Collaboration Tools	Agent workspace for Service Desks and integration with intelligent Virtual Agents	IT Walk-up App, Major Incident Management, Business Crisis Management
ITOM		Discover assets across public and private clouds	Service NOCpit view and Alert Intelligence	Optimize Cloud Resources for usage and cost
ITBM		IT Investment Portal to get visibility into project and demand status	Simplification and Enhancement of Resource Management	Support for Scaled Agile Framework 4.5
ITAM		Expansion of Software Libraries for SAP and Adobe Cloud Products	License Change Management	Integration of Asset Management with HR Onboarding and Transitions

Emerging products

Emerging products roadmap

	1	2	3
Security 	<i>Modern UX to enhance productivity of a SOC Analyst and guided setup</i>	<i>End to End Vulnerability Response with guided setup</i>	<i>Risk Scorecards for Vulnerability Response</i>
CSM 	<i>Service Workspace for Customer Service Agent</i>	<i>Major Issue management and Enhanced Knowledge management</i>	<i>Mobile App for Field Service Agent</i>
HR 	<i>Targeted Content Automation based on Business Processes and policies</i>	<i>New Experiences for HR Shared Service Agents</i>	<i>Employee Document Management</i>

The background is a solid teal color. It features several decorative geometric patterns in a lighter shade of teal. In the top left, there are diagonal lines. In the top right, there are concentric arcs. In the bottom left, there is a grid of dots. In the bottom right, there are diagonal lines and a grid of dots. The text "Now Platform" is written in a white, sans-serif font on the left side of the image.

Now Platform

Snapshot of the Now Platform scale

Production instances

~7,500



Customer transactions per month

~12 Billion



licensed users

~18 Million



of Cloud API calls per month

~18 Billion



The Now Platform has three key stakeholders



Our product
teams at
ServiceNow



Platform as a service
for our customers
building Intelligent
Applications



Developers, OEMs,
and ISVs building on
our platform

The Now Platform roadmap priorities

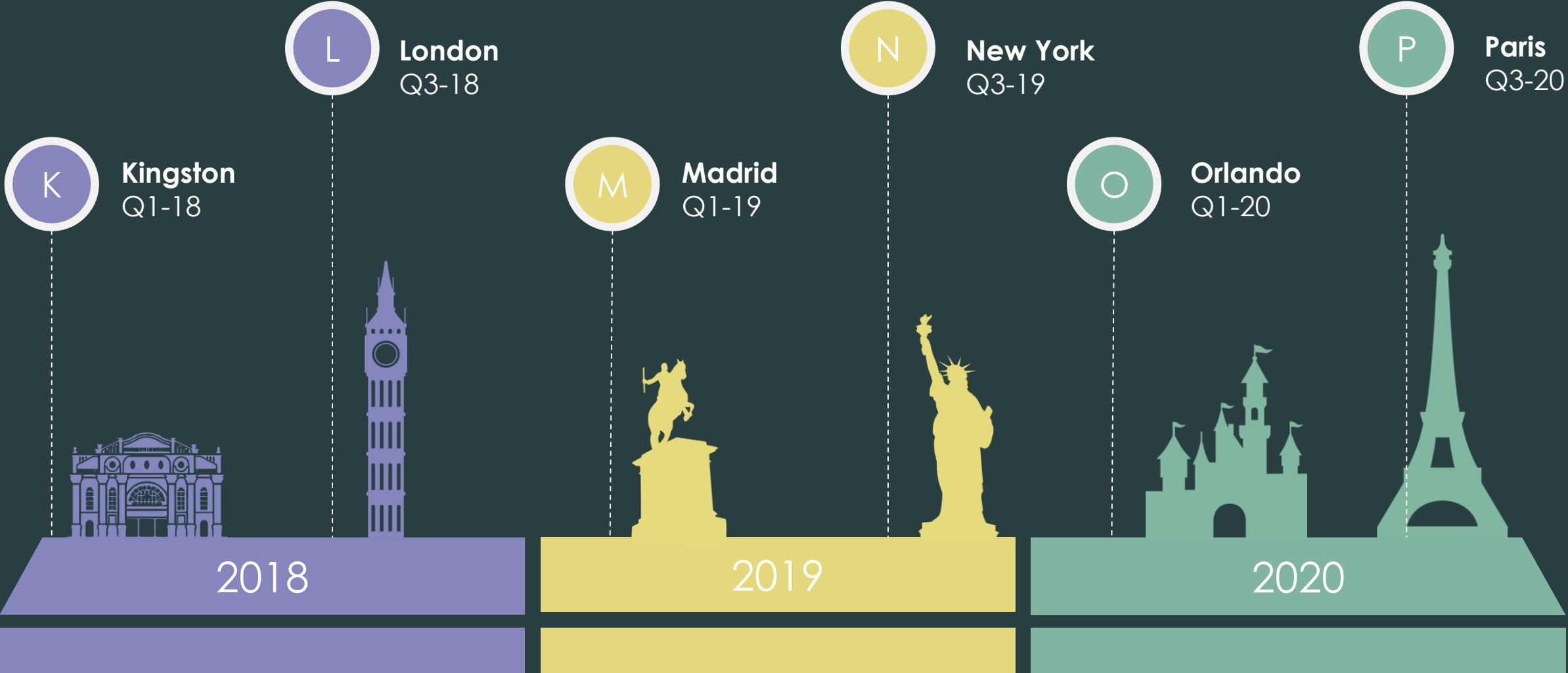


Flow designer and integration
hub for low code/no code
application development and
3rd party integration



Native mobile
experiences and
experience-aas

Platform and product innovation schedule





What's new

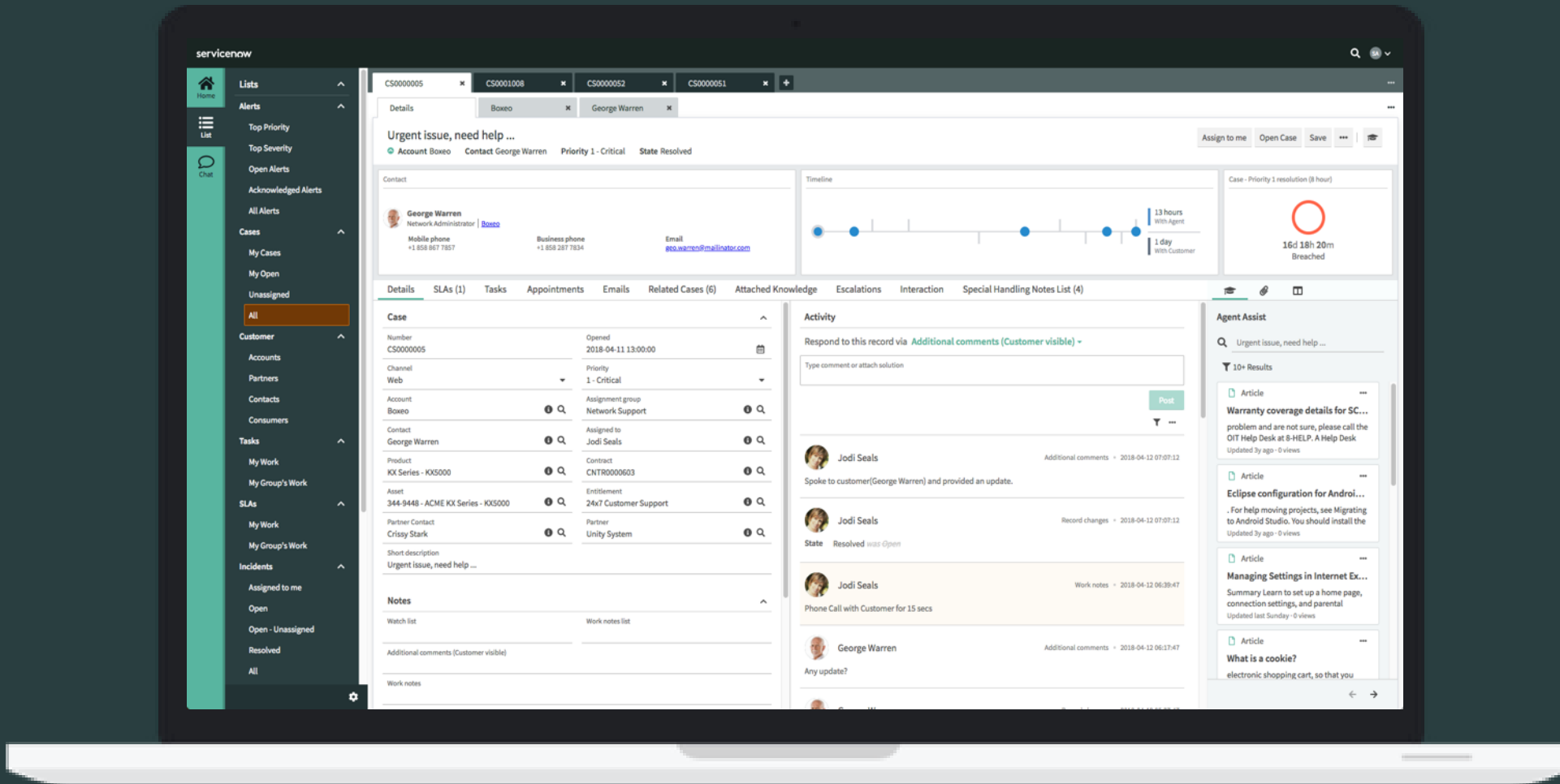
New: Virtual Agent

Available in
LONDON



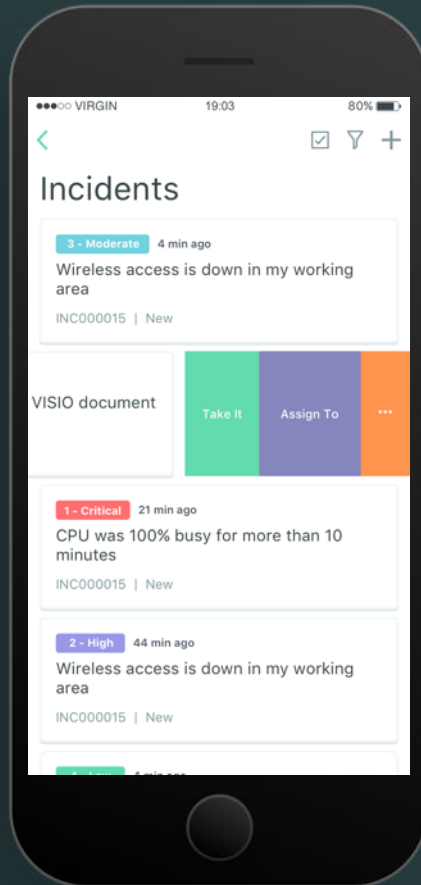
New: Agent Workspace

Available in
LONDON

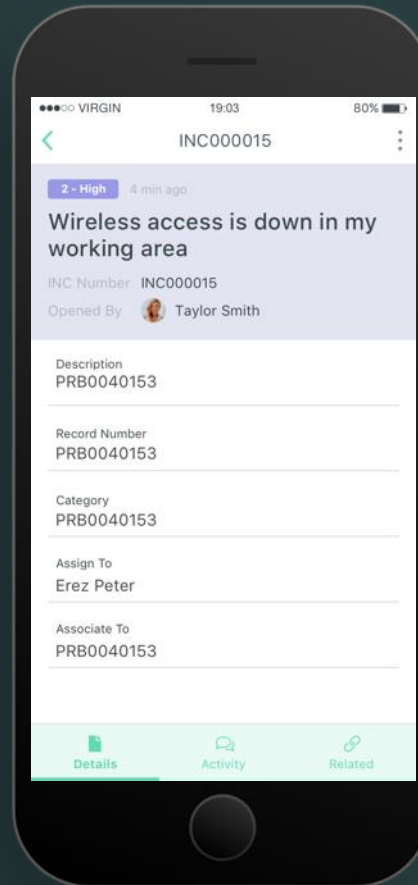


New: Native mobile interfaces

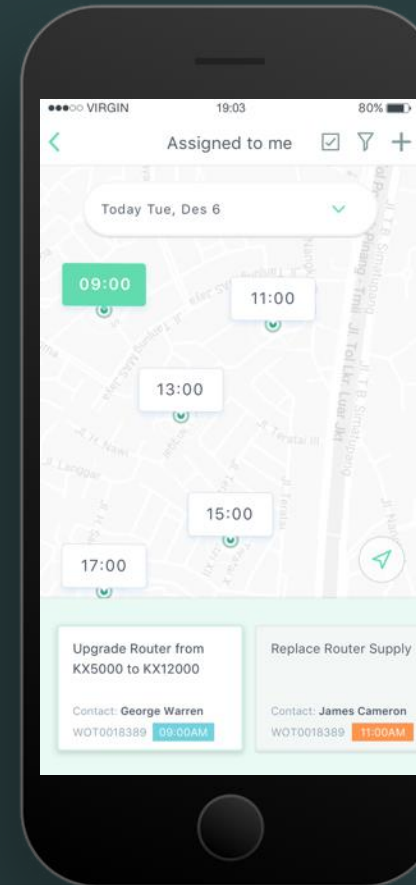
MADRID



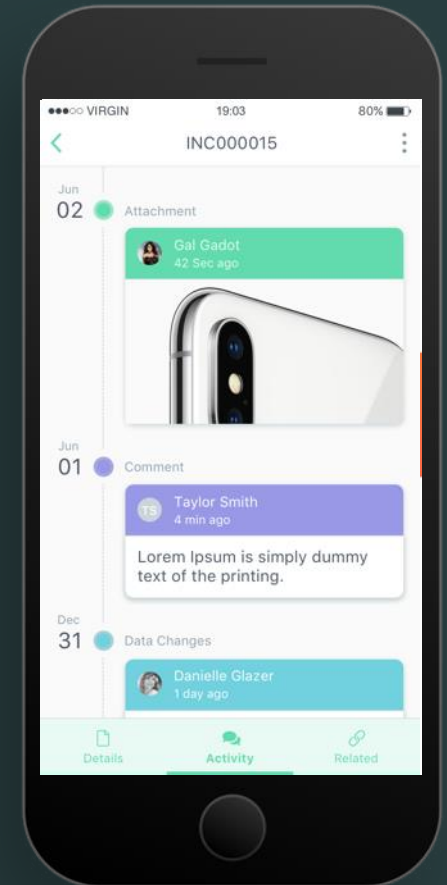
Incidents
Swipe Actions



Incidents Details
Call/Text/GPS

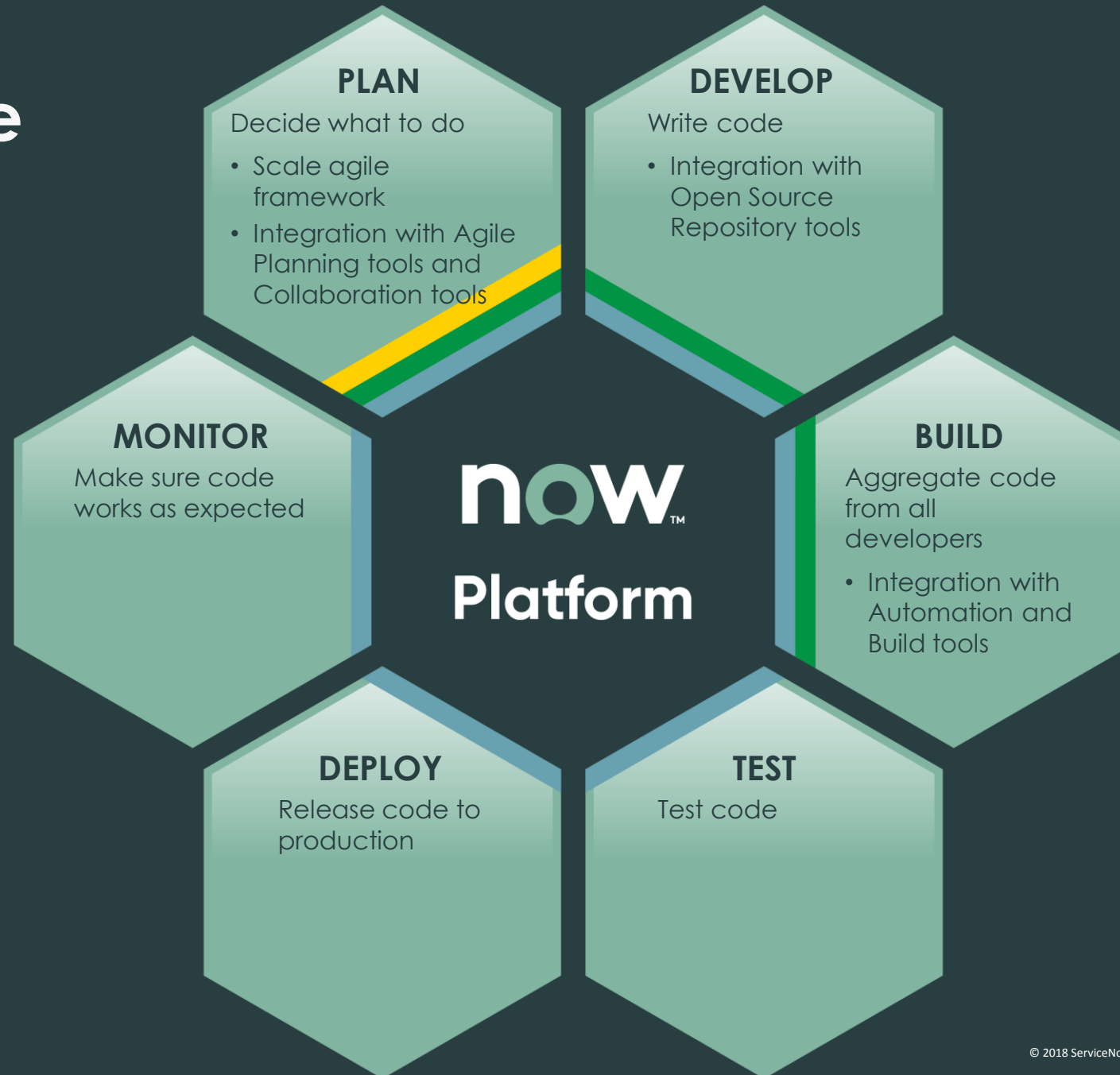


Map View
Filter by Time/Location



Activity Stream
Add Attachments,
Images, Comments

New: Enterprise DevOps



NOW Innovation Unit



Summary

Platform and product team priorities



Deliver great
experiences



Deliver
innovation





servicenow™

Break





The Customer Perspective: Deloitte

Dejan Slokar, Partner and Global ServiceNow Alliance Lead

Stephen Mansfield, Chief Information officer

David Schneider, ServiceNow Chief Revenue Officer



Building An Enduring Company

Sustainable Growth

Michael Scarpelli
Chief Financial Officer

Key takeaways



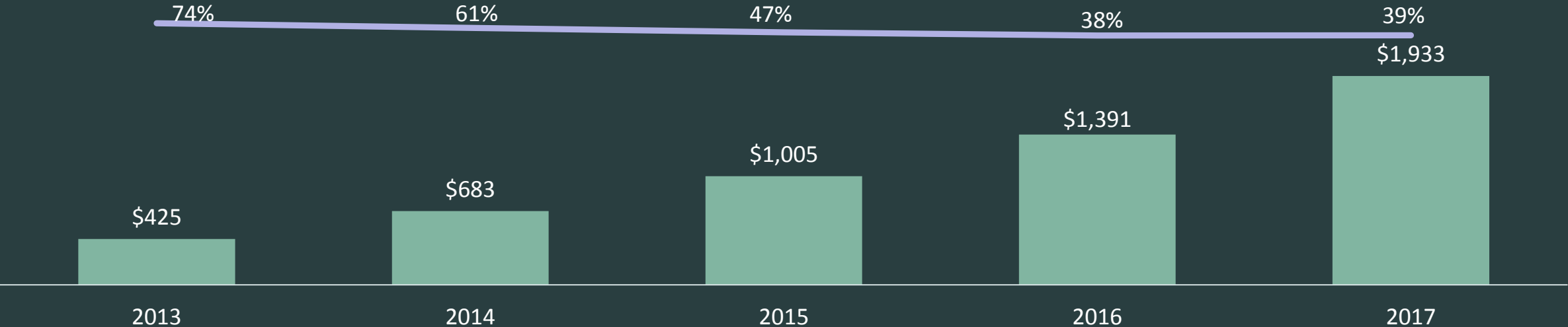
**Consistent
Performance**

**Market
Opportunity**

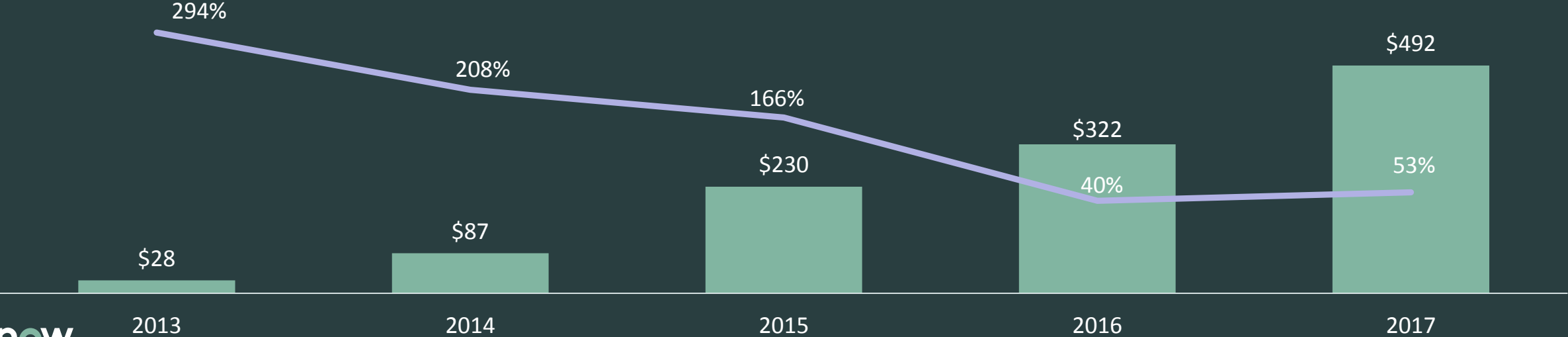
Financial Model

Combination of high revenue and free cash flow growth

Revenue (\$M) and Growth %



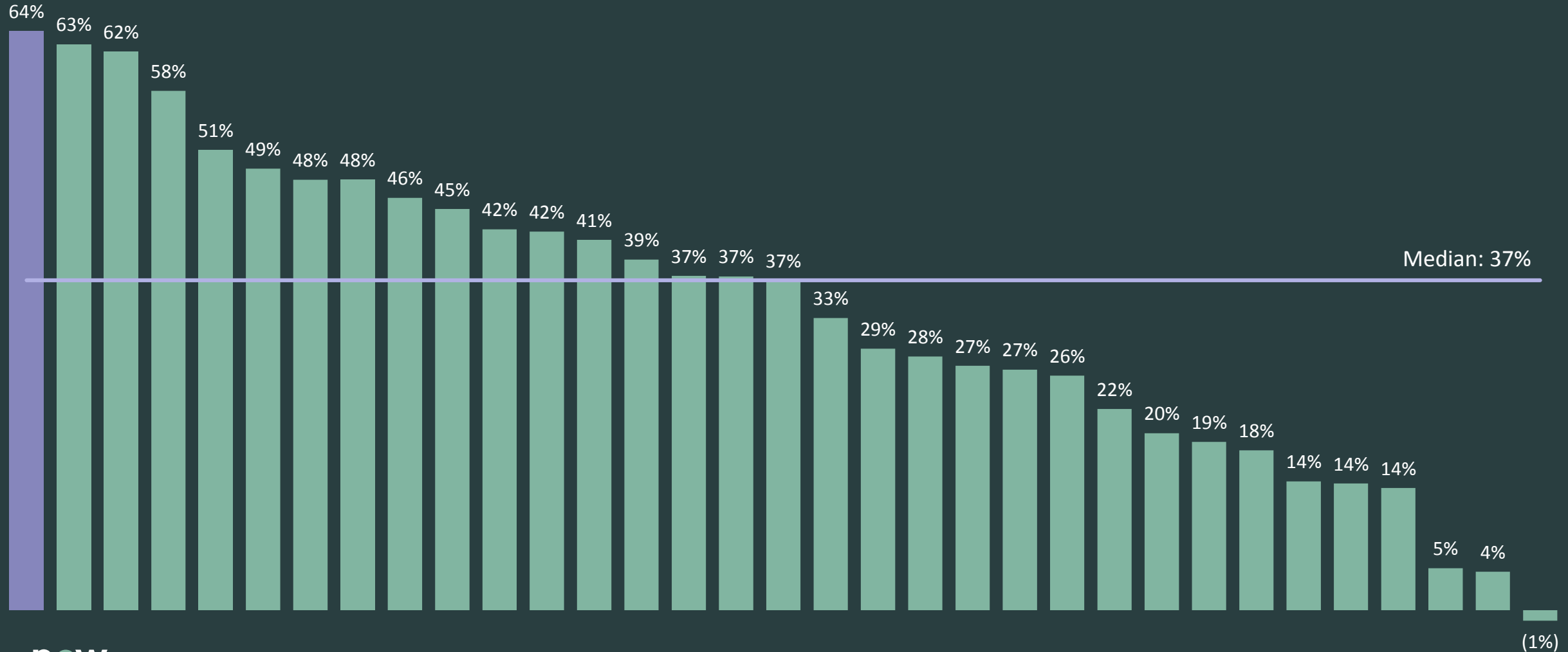
Non-GAAP Free Cash Flow (\$M) and Growth % ⁽¹⁾



Unmatched relative to enterprise software peers

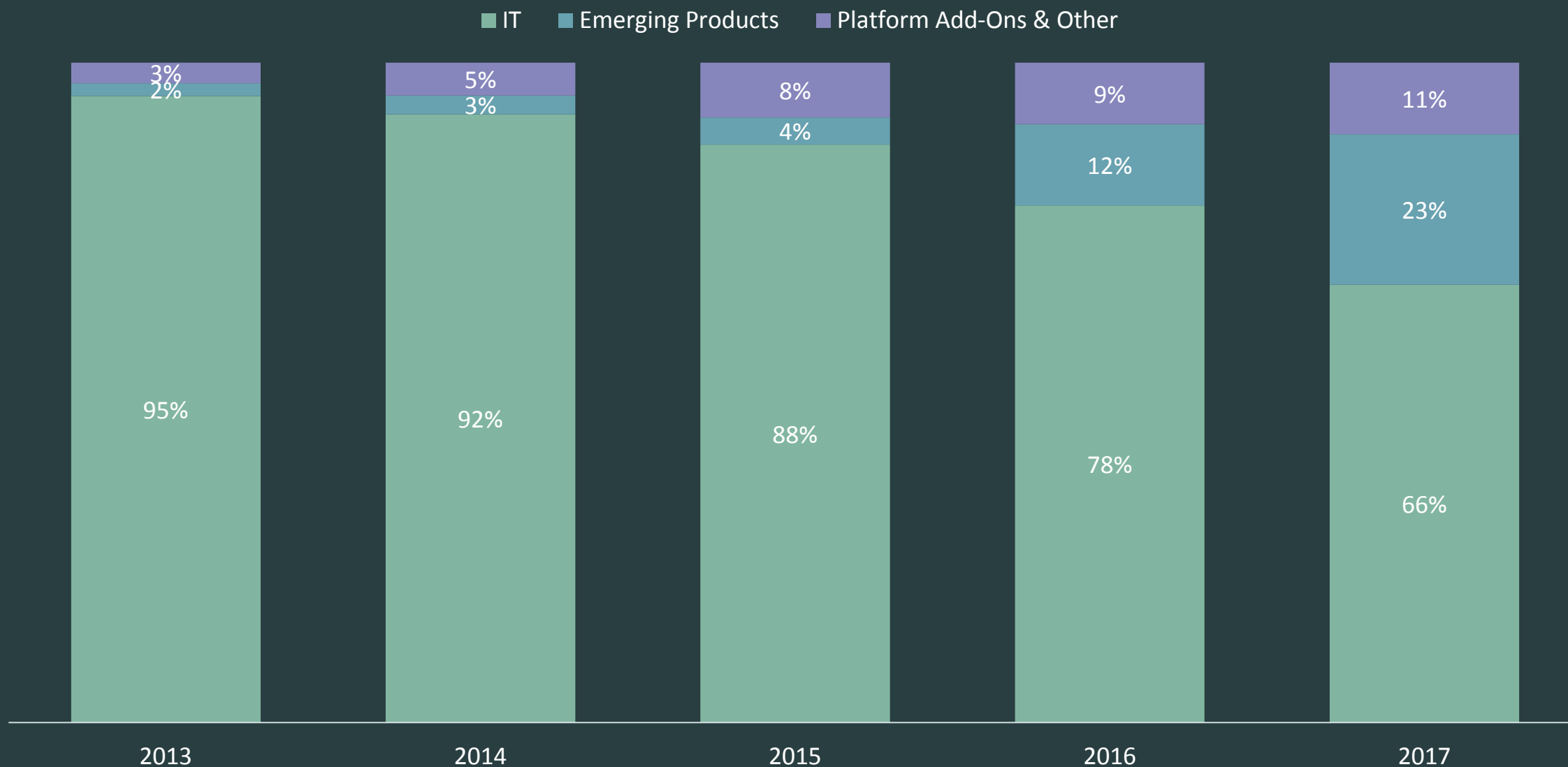
2017 Revenue Growth + 2017 Non-GAAP FCF Margin % for Enterprise Software Companies > \$1B in Rev.

now™



now™

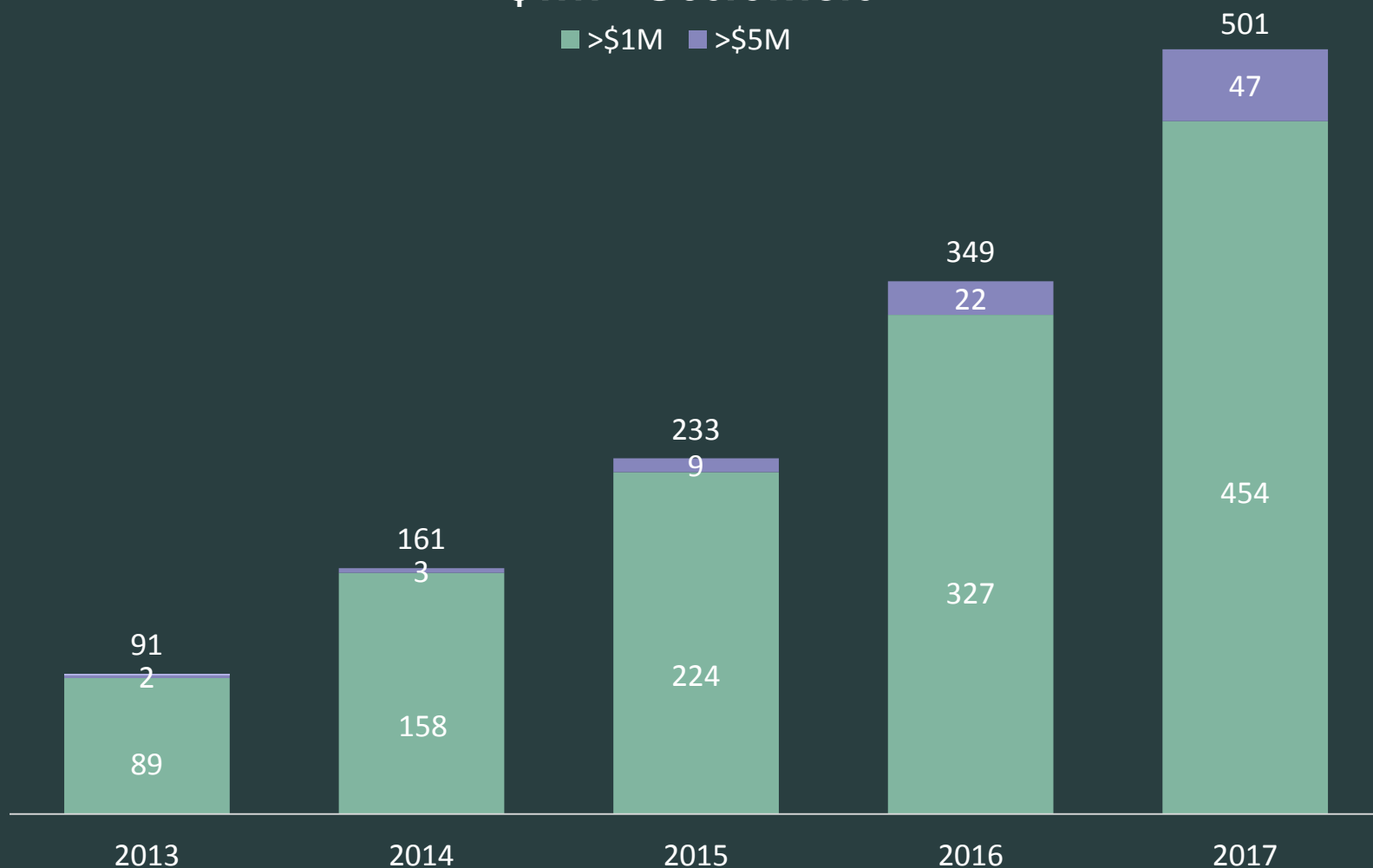
Driven by mix shifting to emerging products...



...Expanding relationships with our largest customers...

\$1M+ Customers

■ >\$1M ■ >\$5M

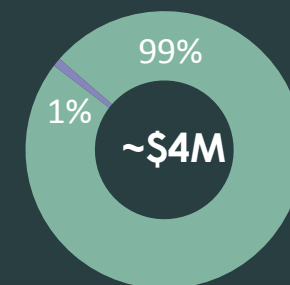
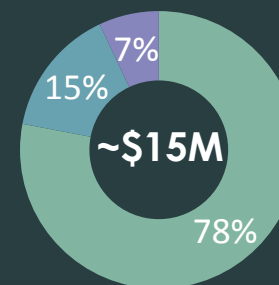
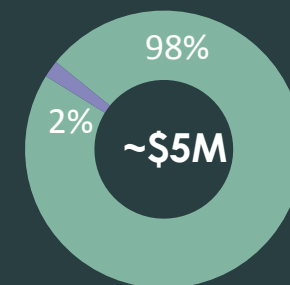
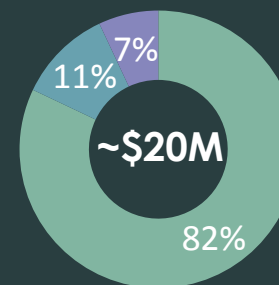
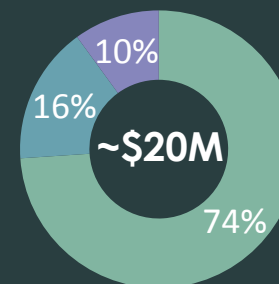


Top Customers

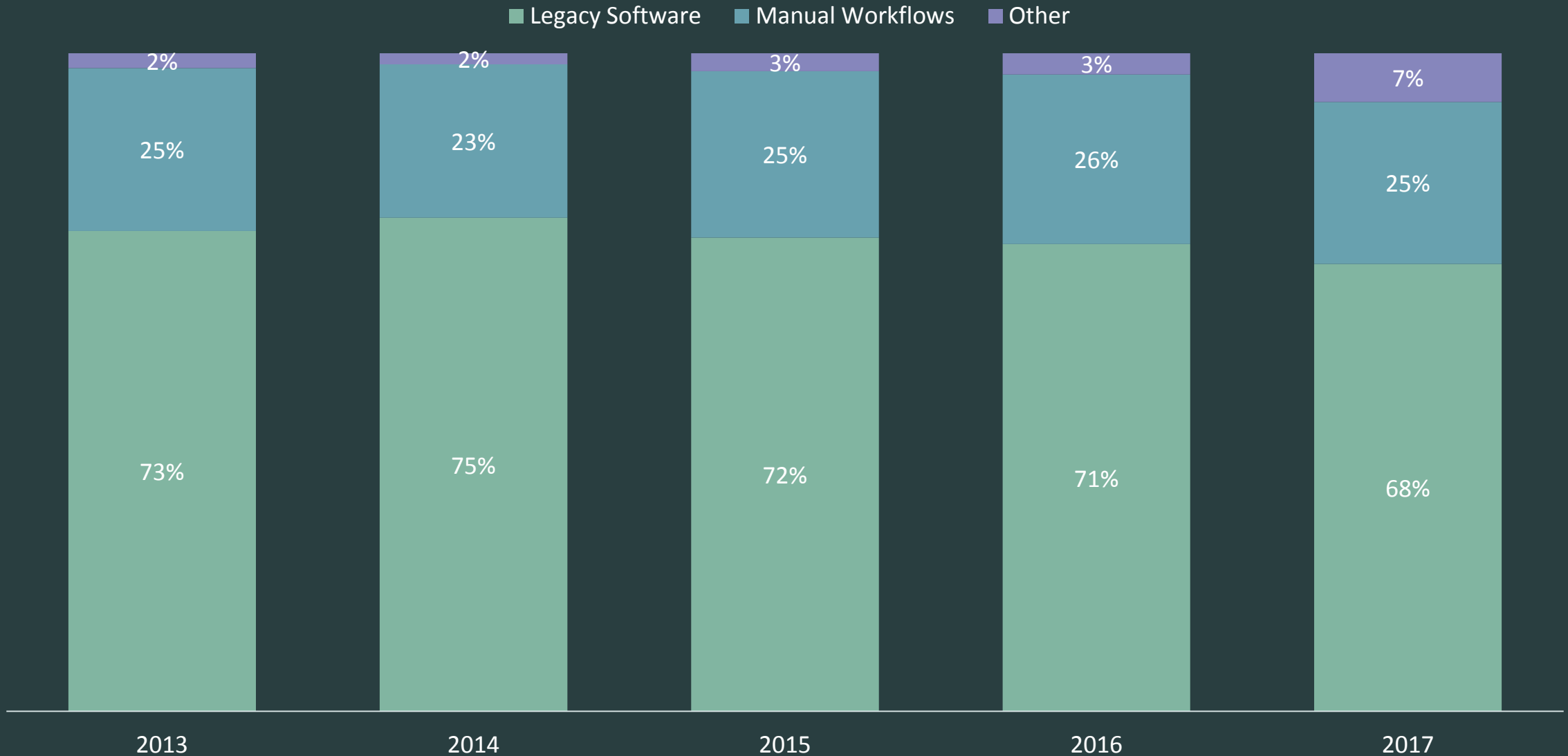
2017

2013

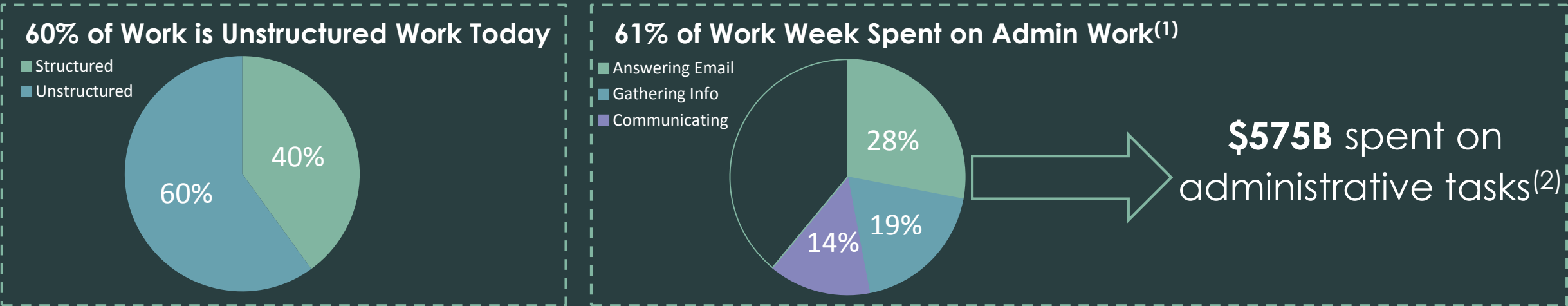
■ IT ■ Emerging Products ■ Platform Add Ons & Other



... And continued competition from legacy SW and manual workflows



Large and growing opportunity to automate enterprise workflows



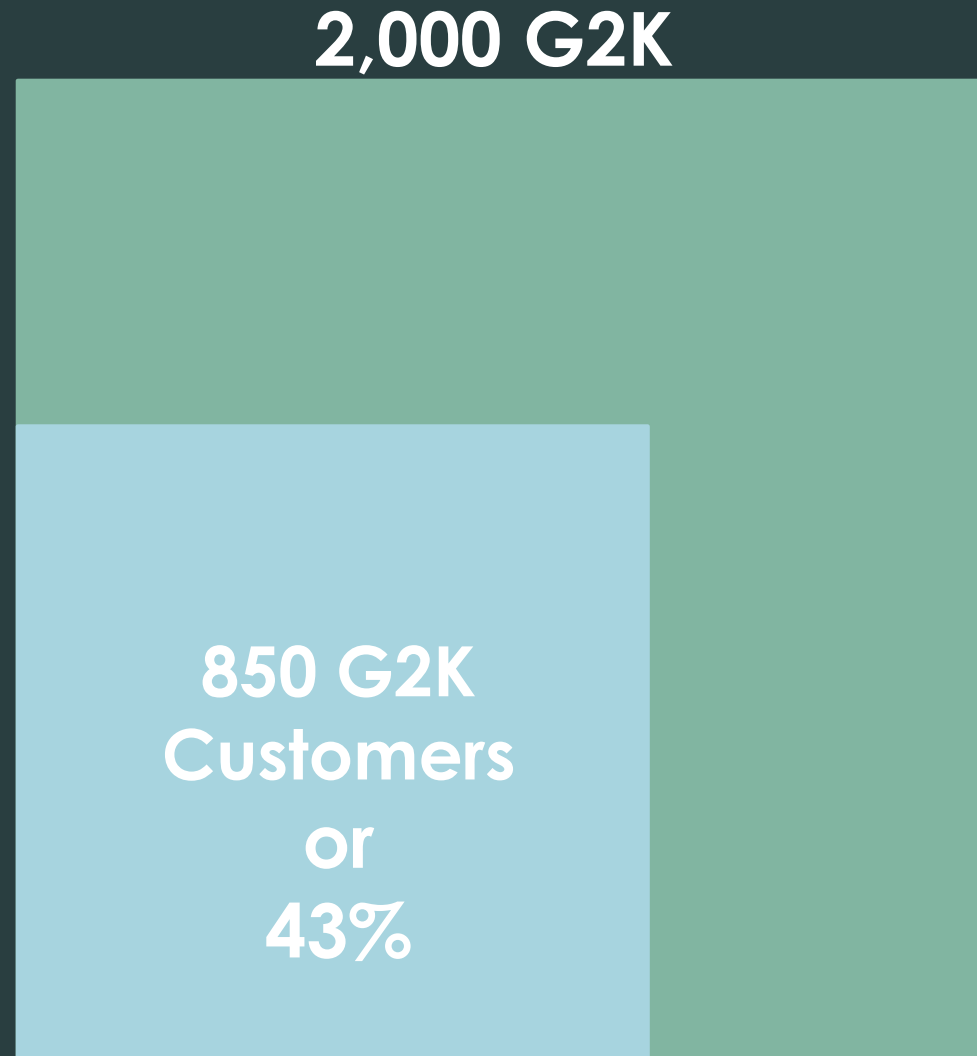
Administrative	Customer Service	Finance	HR	IT	Legal	Marketing	Facilities & Other	Sales	Shipping & Receiving
Scheduling Travel	Identity Verification	Purchase Order Processing	Employee Onboarding	Incident Management	NDA Processing	Managing E-mail Lists	Processing Service Requests	Lead Assignment	Receiving Confirmation
Managing Expense	Issue Escalation	Invoice Approvals	Employee Offboarding	Problem Management	Case Management	Triggered Emails	Equipment Ordering	Lead Qualification	Order Processing
Room Scheduling	Assign Tickets	Capex Requests	Recruiting & Selection	Change Management	Patent Processing	Sales Rep Notification	Office Moves	Prospect Communication	Order Corrections
Event Planning	Integrate History	Expense Approvals	Medical Leave Tracking	Asset Management	Client Onboarding	Contact Management	Site Inspection	Quote Production	Warehouse Logistics
Dynamic Logistics	Transfer Dept	Budget Approvals	Time Sheet Processing	Service Mapping	Contract Review		Outsourced Catering	Quote Approval	Location Tracking
Meeting Scheduling	Schedule Employees	Audit Preparations	Vacation Tracking	Event Management	GRC		Cleaning Tracking	Proposal Creation	Personnel Management
Group Notifications	Billing and Returns Processing	Governance of Approvals	Employee Status Change	Cloud Management			Security Tracking	Contract Preparation	Returns Processing
	Upsell Offerings	AR – Contracts/Billing	Travel Requests	Project Management			Open/Close Process	Contract Signing	Delay Communication
	Process Payments	Vendor Onboarding	Expense Reimbursements	Resource Management			Vendor Request	Marketing Integration	Product Picking
			Salary Changes						



(1) Based on report by International Data Corporation and McKinsey Global Institute, “The social economy: Unlocking value and productivity through social technologies,” July 2012

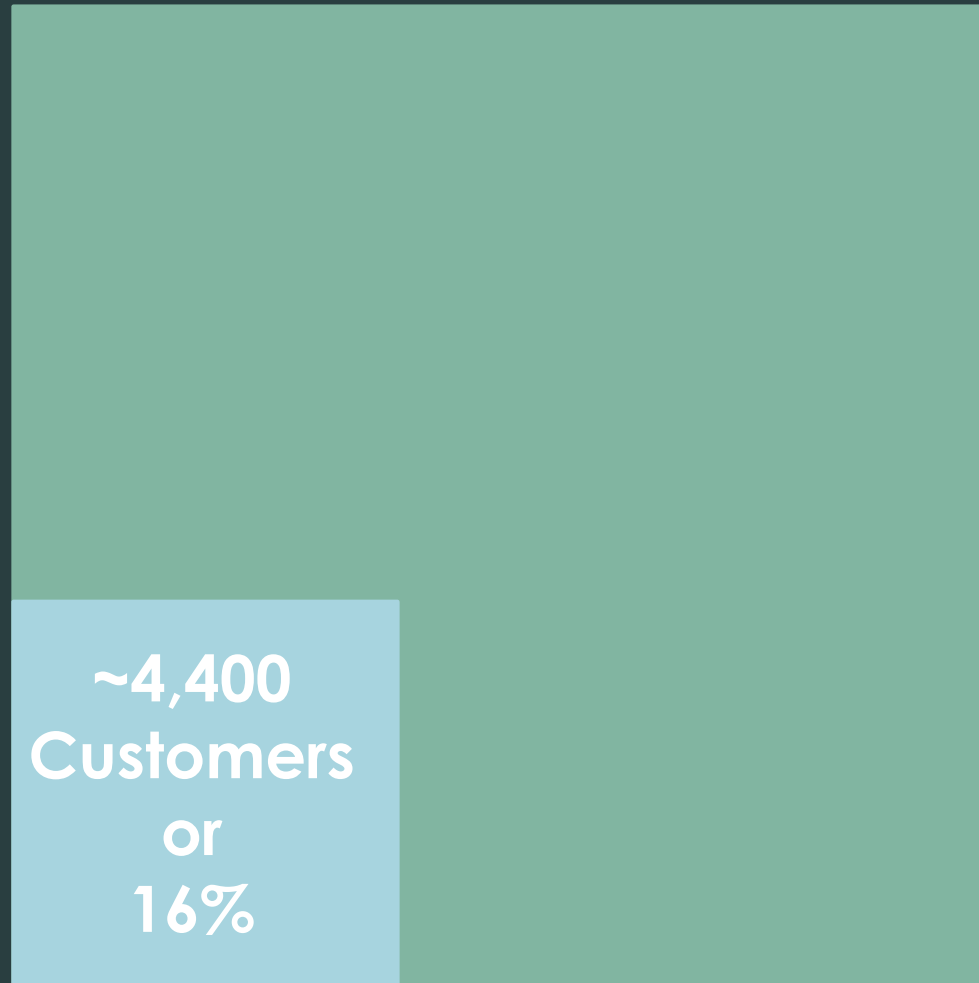
(2) Based on ServiceNow’s 2015 “Today’s State of Work: The Productivity Drain” report

Large market opportunity remains: Customer penetration



Large market opportunity remains: Customer penetration

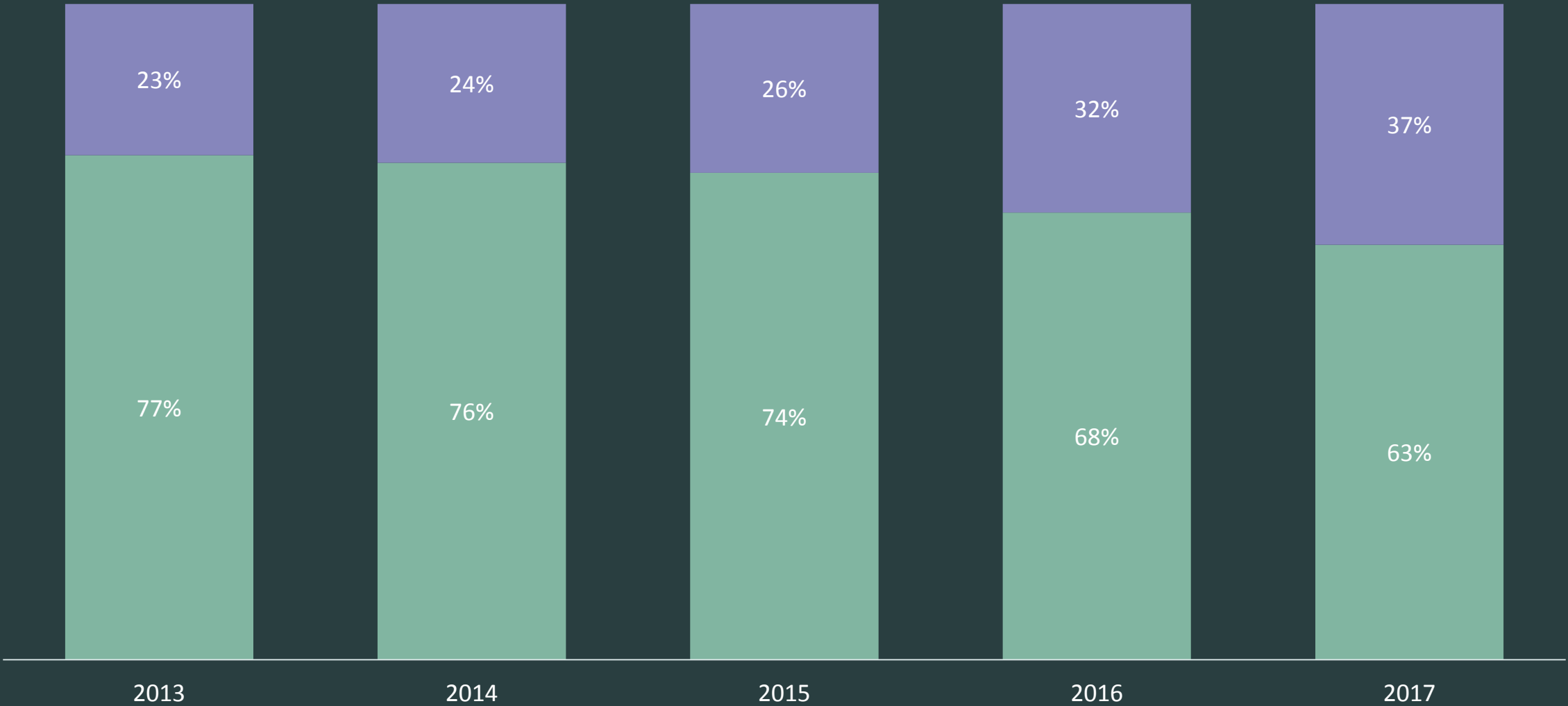
~28,000 Enterprises⁽¹⁾



Large customer opportunities Outside of G2K

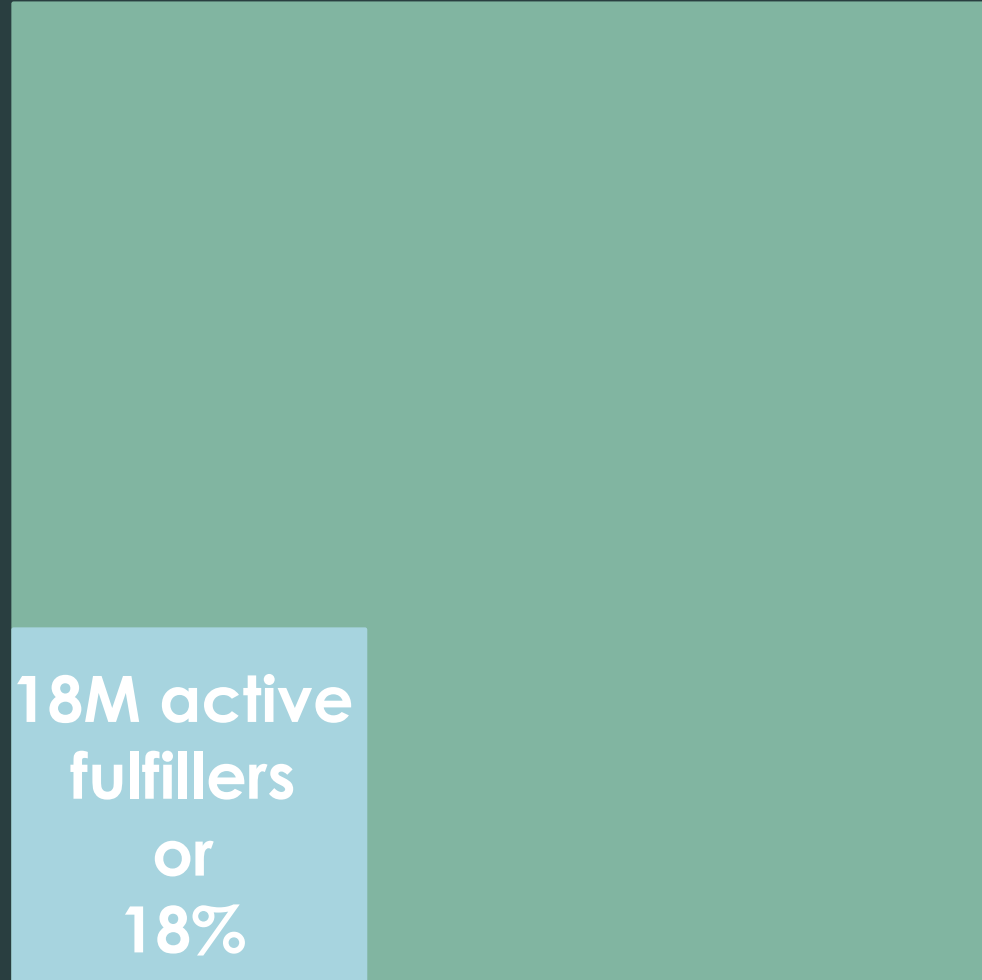
Customer Mix >\$1M ACV

G2K Non-G2K

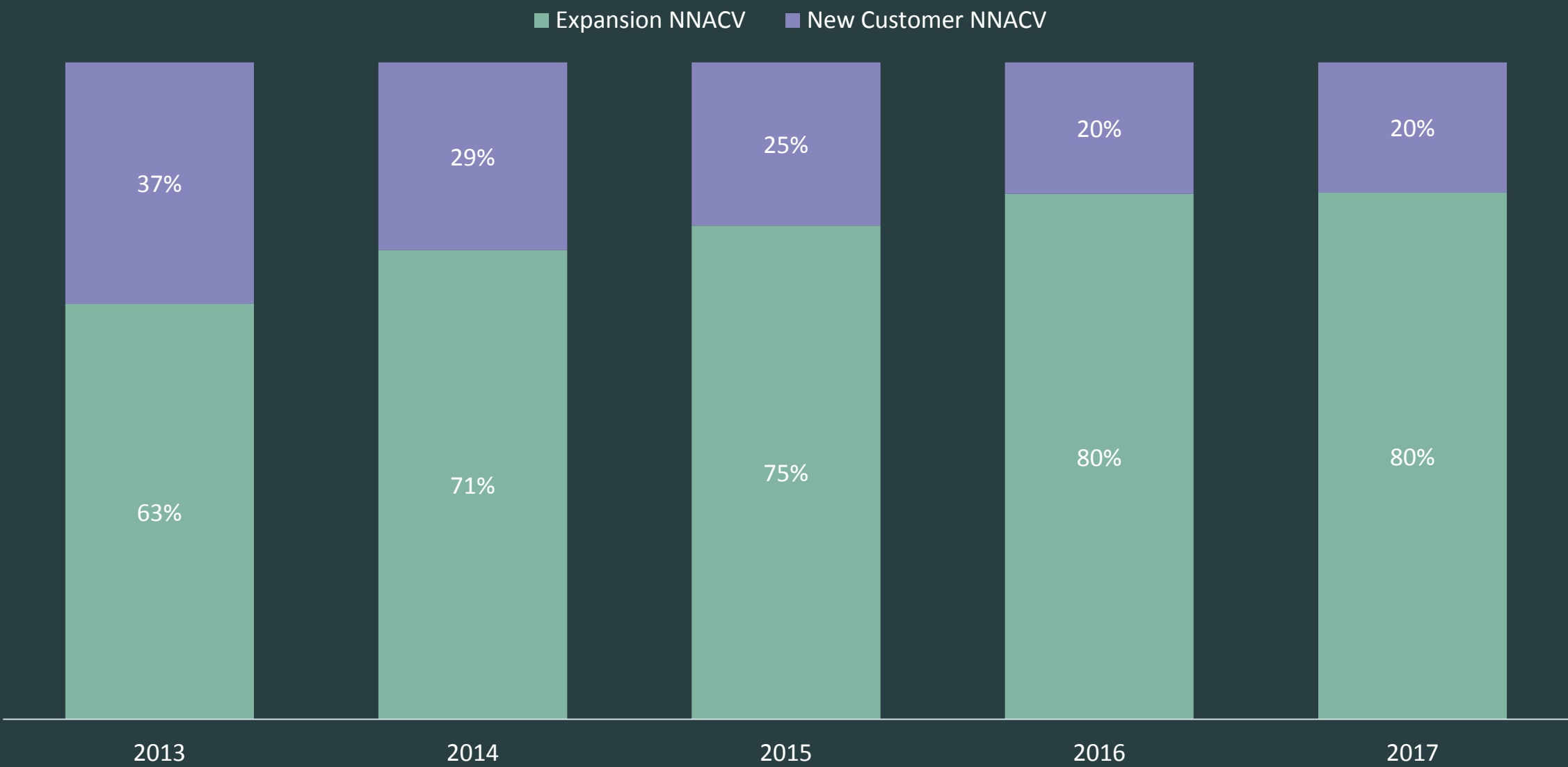


Large market opportunity remains: Customer expansion

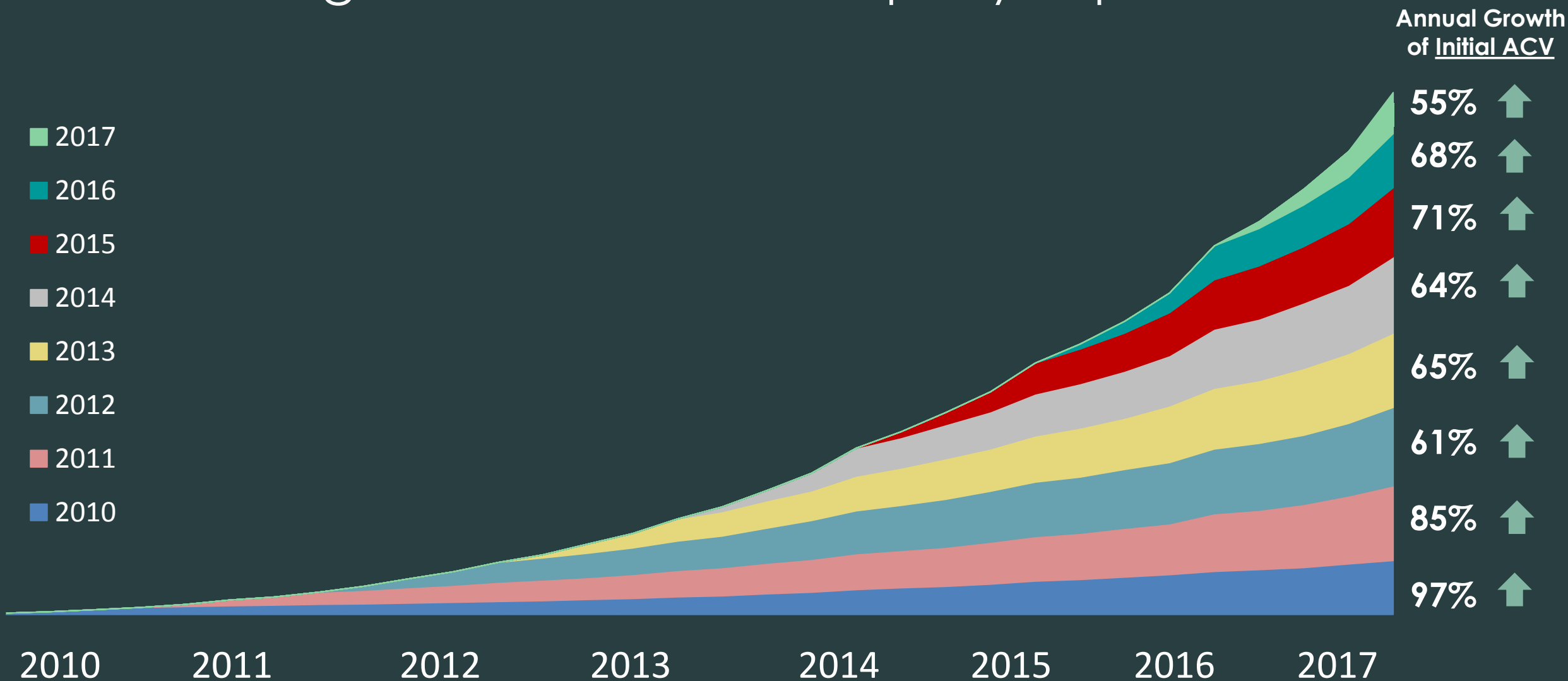
~100M Enterprise Customer Employees



Expansion within existing customers drives majority of new ACV...

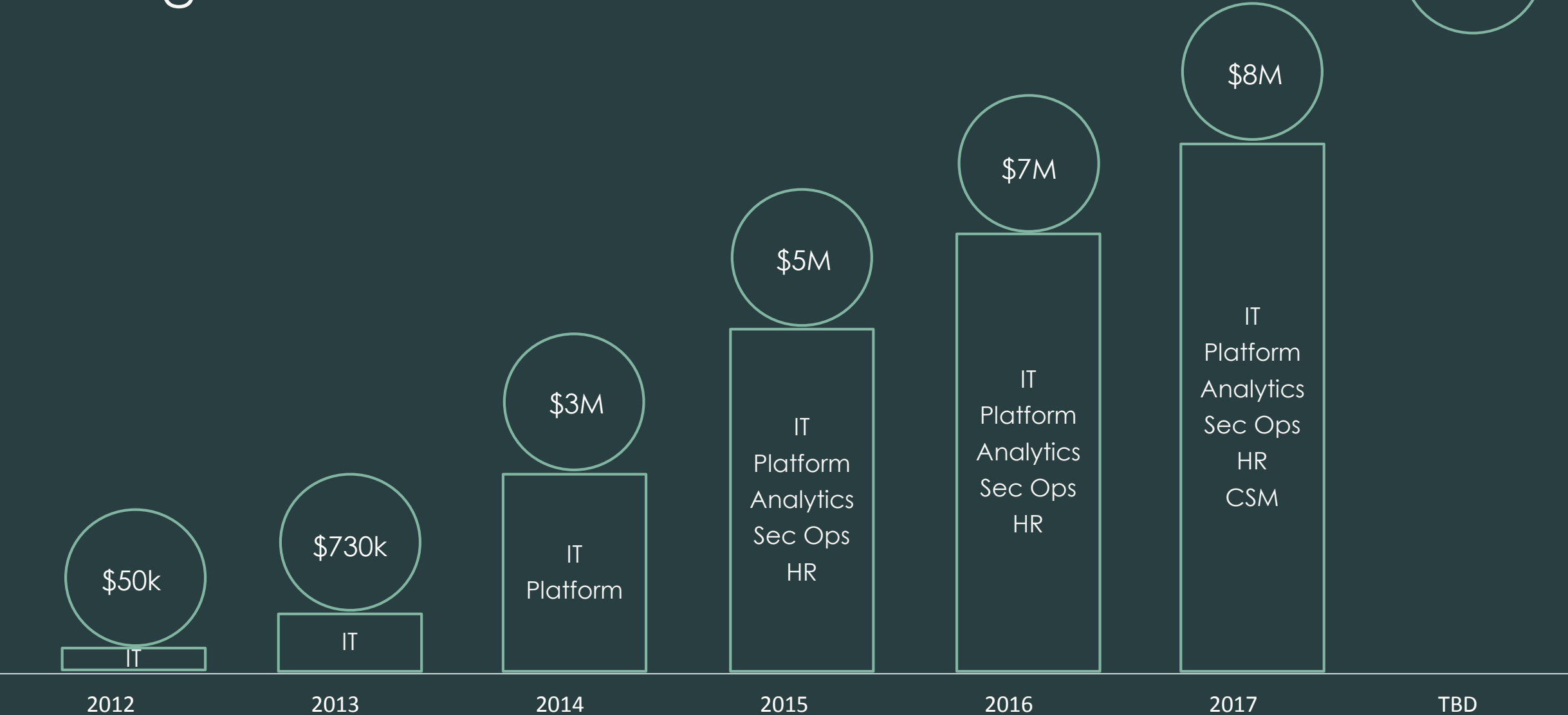


...But landing new customers is equally important



Profiling a Fortune 50 customer

~\$20M



Investments to build an enduring company

- 1 Build great products and platform
- 2 Build Customer Success
- 3 Grow our talent
- 4 Establish company brand

Target operating model

2020 Total Revenue	>\$4B
2020 Non-GAAP Subscription Gross Margin	84-86%
Annual Non-GAAP Operating Margin Expansion	>1%
Annual Non-GAAP Free Cash Flow Margin Expansion	>0%
2020 Non-GAAP Tax Rate	~20%
Annual Dilution Increase	<3%



Q&A

GAAP to Non-GAAP Reconciliation

in millions (except %'s)	2013*	Margin	2014*	Margin	2015*	Margin	2016*	Margin	2017*	Margin
GAAP Net Cash Provided by Operating Activities ⁽¹⁾	\$ 83	20%	\$ 141	21%	\$ 318	32%	\$ 160	12%	\$ 643	33%
(-) Purchases of Property and Equipment	55	13%	54	8%	88	9%	106	8%	151	8%
(+) Cash Paid for Legal Settlements	-	0%	-	0%	-	0%	268	19%	-	0%
(+) Repayments of Convertible Senior Notes attributable to Debt Discount	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP Free Cash Flow	\$ 28	7%	\$ 87	13%	\$ 230	23%	\$ 322	23%	\$ 492	25%

*Numbers reported under ASC 605.

⁽¹⁾ During the year ended December 31, 2016, we early adopted Accounting Standards Update 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." This adoption resulted in an increase in net cash provided by operating activities and a corresponding decrease in net cash provided by financing activities as compared to the amounts previously reported. Net cash provided by operating activities increased \$2.7M, \$2.0M and \$1.7M for the years ended December 31, 2015, 2014 and 2013 respectively.

Note: Numbers are rounded for presentation purpose.