



Financial Analyst Day

Las Vegas, Nevada

May 6, 2019



Agenda

Welcome	Lisa Banks, Vice President, Investor Relations
Innovating for the future	CJ Desai, Chief Product Officer
Capturing the opportunity ahead	David Schneider, President, Global Customer Operations
Customer experience	Andrew Wilson, Chief Information Officer, Accenture
Break	
Investing for growth	Mike Scarpelli, Chief Financial Officer
CEO update	John Donahoe, President, Chief Executive Officer
Executive Q&A	

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, the effects of competition on our business, and customer trends.

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 FY19E), “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 “Net Expansion Rate” 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.

The comparison period amounts and the related growth rates included in this presentation have been adjusted from previously reported amounts to reflect the impact of the full retrospective adoption of Topic 606.

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.

We believe billings is a useful leading indicator regarding the performance of our business. We define subscription billings, professional services and other billings, and total billings as the applicable revenue plus the applicable change in deferred revenue, unbilled receivables and customer deposits as presented or derived from the statement of cash flows. While we typically bill customers annually for our subscription services, customers sometimes request, and we accommodate, multiyear billings, which are billings with durations in excess of the typical 12 month term.

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.



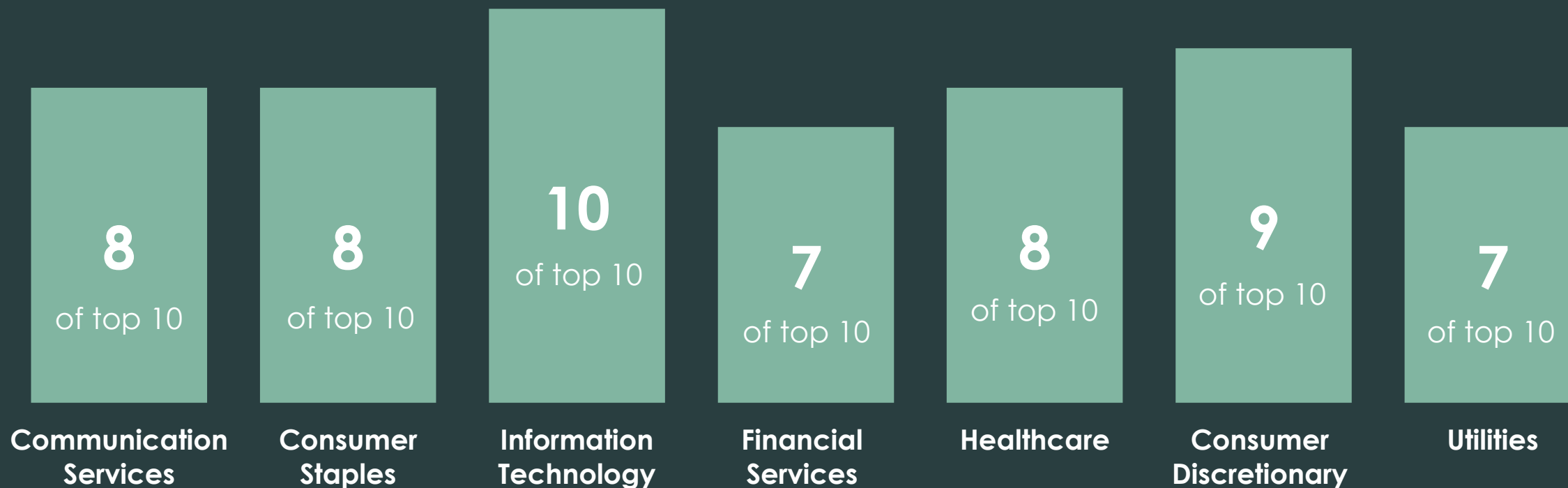
Innovating for the future

CJ Desai

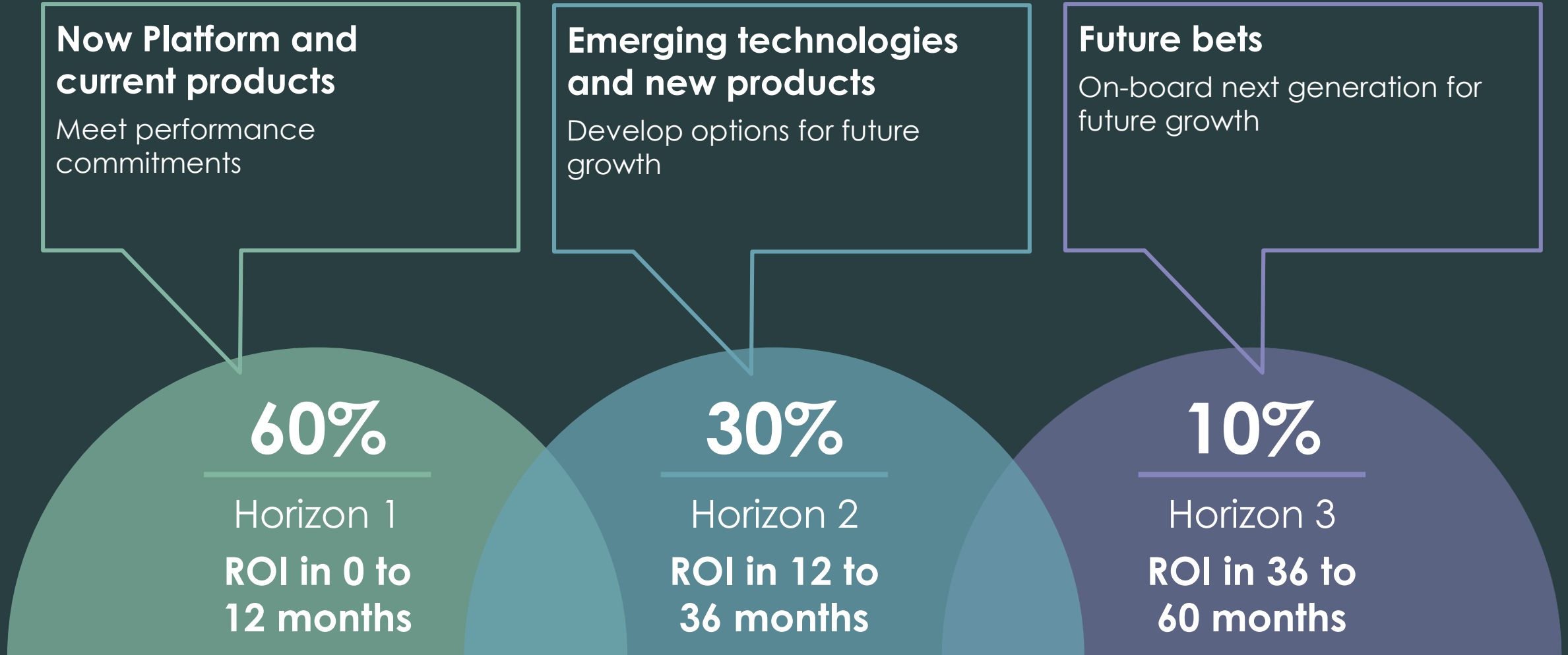
Chief Product Officer

The leading global companies rely on our products

of NOW customers in each industry's top 10



Product investment strategy



Our strategy informs R&D priorities



**Product
innovation**



Now Platform

Our unique differentiation

1

Platform

1

Data Model

Many

Products

Enterprises across industries and governments around the world are expanding their use of ServiceNow from an IT platform to an enterprise-wide platform

18 of Top 20 New Deals in Q3 Included 3+ Products

■ 5+ Products ■ 3-4 Products ■ 1-2 Products

	IT	
	ITSM	ITOM
Customer 1	X	X
Customer 2	X	X
Customer 3	X	
Customer 4	X	X
Customer 5	X	
Customer 6	X	X
Customer 7	X	X
Customer 8	X	X
Customer 9	X	X
Customer 10	X	X
Customer 11	X	X
Customer 12	X	X
Customer 13	X	
Customer 14	X	
Customer 15	X	X
Customer 16	X	
Customer 17		X
Customer 18	X	
Customer 19		X
Customer 20		X

now. Note: IT = IT Service Mgmt, IT Operations Mgmt, IT Asset Mgmt, IT Business Mgmt
Emerging Products = CSM, HR, Security, Intelligent Apps (custom apps)
Platform Add-ons & Other = Performance Analytics, Cloud Options, etc.

19 of Top 20 New Deals in Q4 Included 3+ Products

	IT	
	ITSM	ITOM
Customer 1	X	X
Customer 2		X
Customer 3		X
Customer 4	X	X
Customer 5	X	X
Customer 6		X
Customer 7	X	X
Customer 8	X	X
Customer 9		X
Customer 10	X	X
Customer 11	X	X
Customer 12	X	X
Customer 13	X	X
Customer 14		X
Customer 15	X	X
Customer 16	X	
Customer 17	X	X
Customer 18	X	
Customer 19	X	
Customer 20	X	

now. Note: IT = IT Service Mgmt, IT Operations Mgmt, IT Asset Mgmt, IT Business Mgmt
Emerging Products = CSM, HR, Security, Intelligent Apps (custom apps)
Platform Add-ons & Other = Performance Analytics, Cloud Options, etc.

17 of Top 20 New Deals in Q1 Included 3+ Products

■ 5+ Products ■ 3-4 Products ■ 1-2 Products

	IT				Emerging Products				Platform Add-ons & Other
	ITSM	ITOM	ITAM	ITBM	Customer Service	HR	Security Operations	Intelligent Apps	Platform Add-ons & Other
Customer 1	X	X	X	X	X		X	X	X
Customer 2	X	X	X	X		X	X	X	X
Customer 3	X	X		X	X			X	X
Customer 4	X	X							X
Customer 5	X	X	X	X		X			X
Customer 6	X	X				X			X
Customer 7	X	X		X					X
Customer 8	X								X
Customer 9	X	X		X	X		X		X
Customer 10	X				X				X
Customer 11	X	X	X	X		X			X
Customer 12		X	X			X		X	X
Customer 13	X	X	X						X
Customer 14	X			X				X	X
Customer 15	X	X			X				X
Customer 16	X			X	X			X	X
Customer 17				X	X			X	X
Customer 18							X	X	X
Customer 19		X							
Customer 20					X				X

now. Note: IT = IT Service Mgmt, IT Operations Mgmt, IT Asset Mgmt, IT Business Mgmt
Emerging Products = CSM, HR, Security, Intelligent Apps (custom apps, ServiceNow Store)
Platform Add-ons & Other = Performance Analytics, Cloud Options, Metric Base, IntegrationHub, Other

Our product portfolio



Now Platform

3 Core Workflows



IT
Workflows

ITSM

ITBM

ITOM

ITAM

Dev
Ops

Security
Ops

GRC



Employee
Workflows

ITSM

HRSD

On-
boarding



Customer
Workflows

CSM

Field
Services

The Now Platform is *the* platform for Digital Workflows

Platform delivers digital workflows across any organization, silos & systems



slack

@workplace



box

Workflows

Digital
Experiences

Now Platform[®]

Intelligence

Integrations

servicenow

IT
Customer Service



Public
cloud



Sales
automation



Marketing



Manufacturing



HR



Finance

Customers are leveraging our Platform to extend NOW workflows or create new workflows



IT Workflows

- Internal audits
- Loaner equipment
- Project approvals
- Inventory tracking
- Contractor management



Employee Workflows

- Visitor tracking
- Vacation requests
- Time and attendance
- Global employee mobility
- Recruiting requests



Customer Workflows

- Warranty claims
- Sales proposal approvals
- Contract management
- Call center scorecards
- Customer feedback

Digital Experience focus

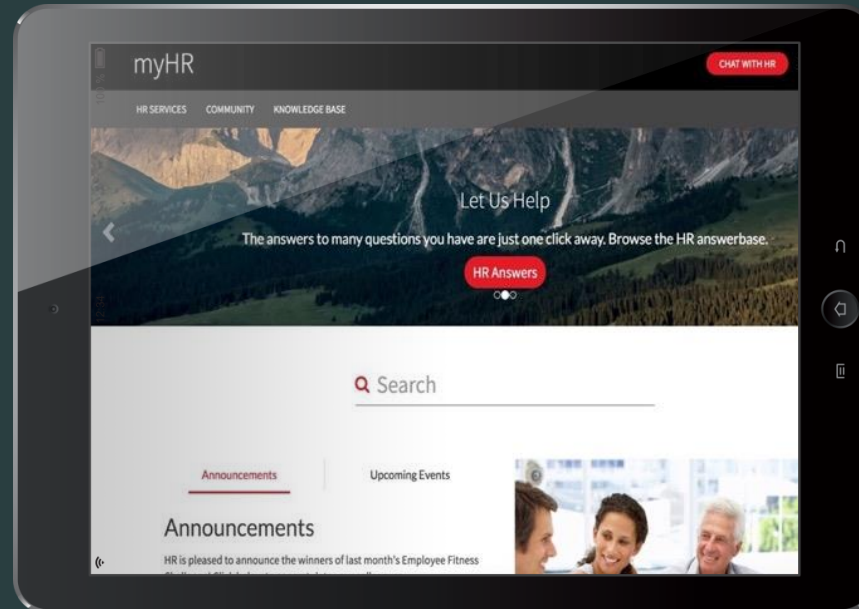
Mobile Studio

Quickly build and deploy native, mobile-first experiences



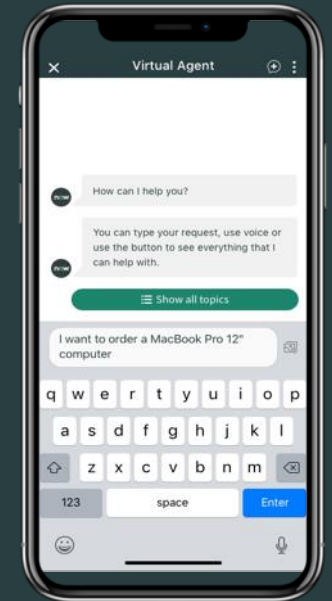
Service Portal and Workspace

Web Interfaces for employees and Knowledge workers



Conversational Designer

Anyone can build conversations for self-service



Delivering intelligent platform for smart applications



Automated outcomes

Uncovers insights across various sources of records for faster time-to-resolution and reduction of manual work.

Increase operational efficiency



Recommendations

Recommends incident resolution and suggests relevant Knowledge articles to assist IT agents in resolving incidents.

Boost IT agent productivity



Virtual Agent natural conversations

Natural conversations drive common requests out of the box for improved self-service experiences.

Enhance employee experience

Now Platform delivers simple connected experiences

Connect Now Platform to enterprise applications

Synchronize data, automate workflows, and create end-to-end connected customer experiences



We continue to expand our Now Platform global footprint

10

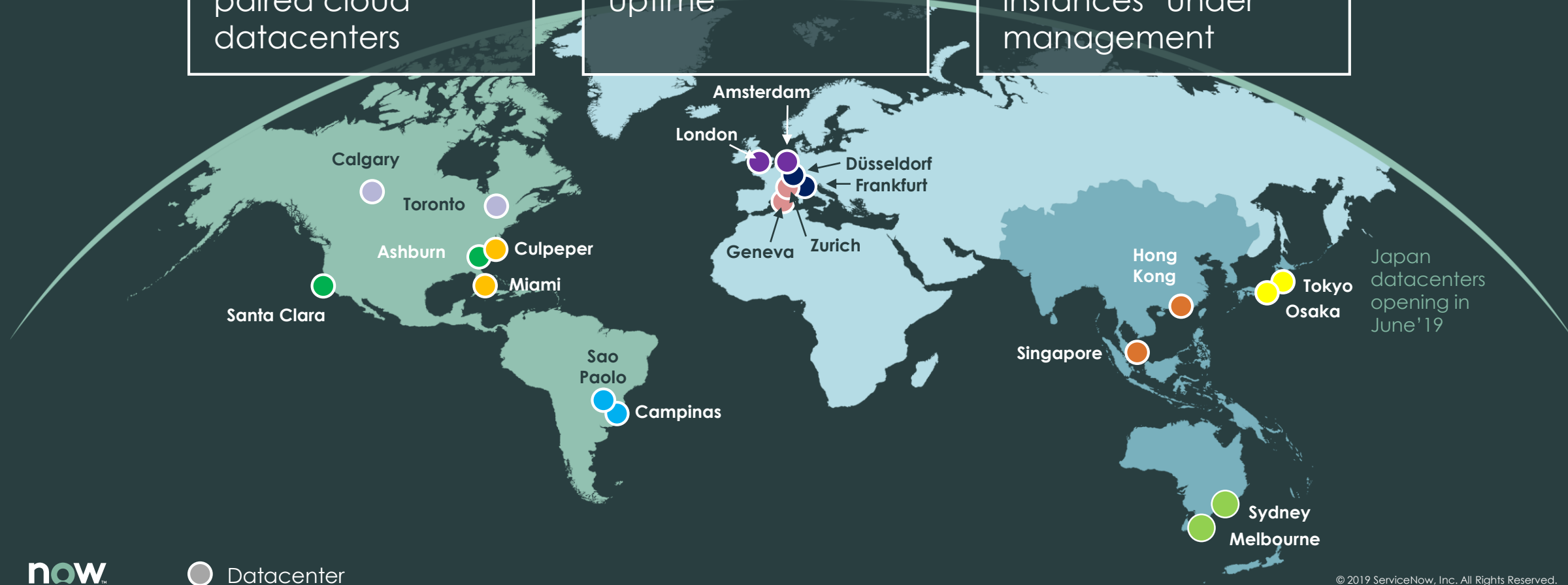
paired cloud
datacenters

99.996%

uptime

95K

instances* under
management



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*Total internal and customer prod and sub-prod instances

Strengths of the Now Platform drive customer adoption

production instances



8500



daily active users



3 Million



customer transactions per month



20 Billion



Delivering innovative products

Investing in current and future product innovation

2.5x



engineers across
10 R&D centers

+

6x



user experience
designers

+

3x



product/program
managers

=

2 Releases

per year,
all products

Growth in the past two years



● R&D center

Engineering includes application, infrastructure, quality and platform engineering.

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Platform Product major release roadmap

2019

Madrid



Q1
March

New York



Q3
September

2020

Orlando



Q1
March

Paris



Q3
September

2021

Quebec



Q1
March

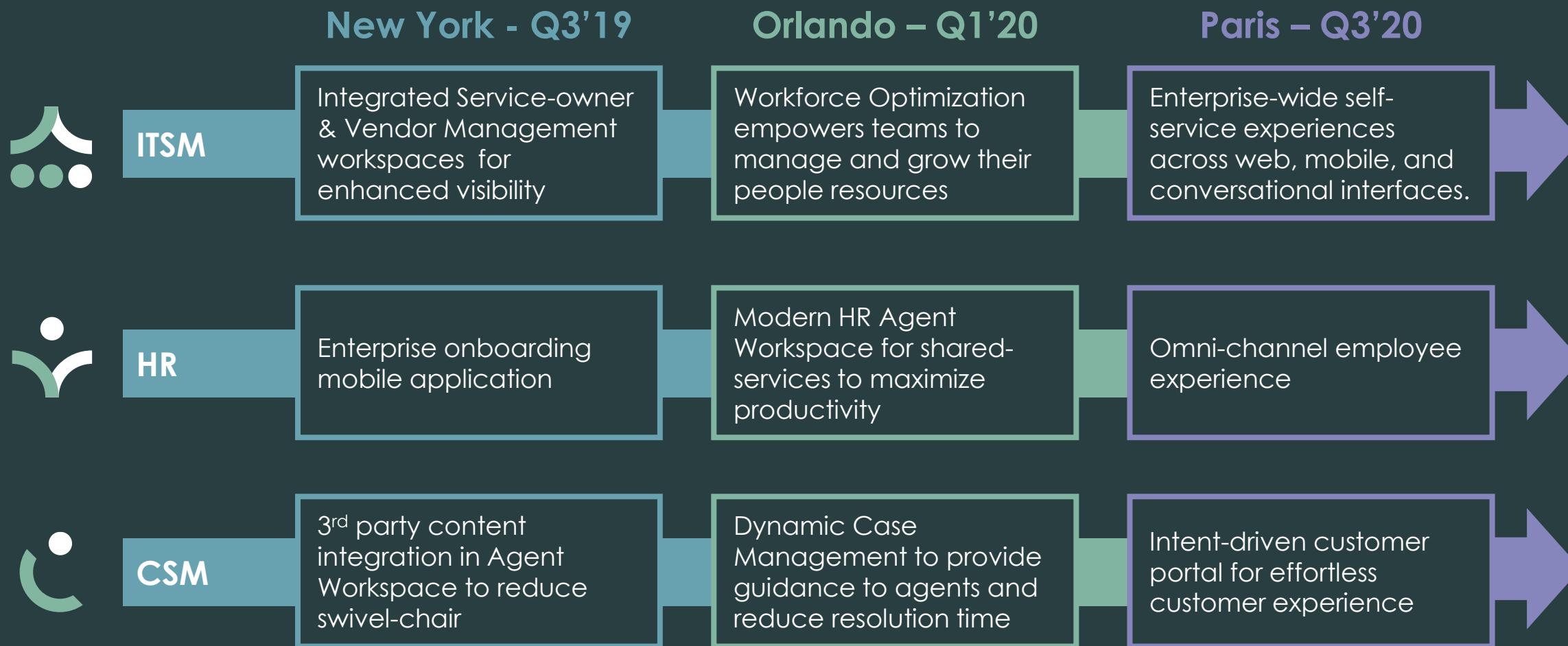
Rome



Q3
September

Continuing innovation in our current products

Highlighting single product roadmap in each Workflow



DevOps update

Controlled availability now, general availability in second half 2019

Initial Functionality

DevOps Change Automation
DevOps Insights
DevOps Integrations



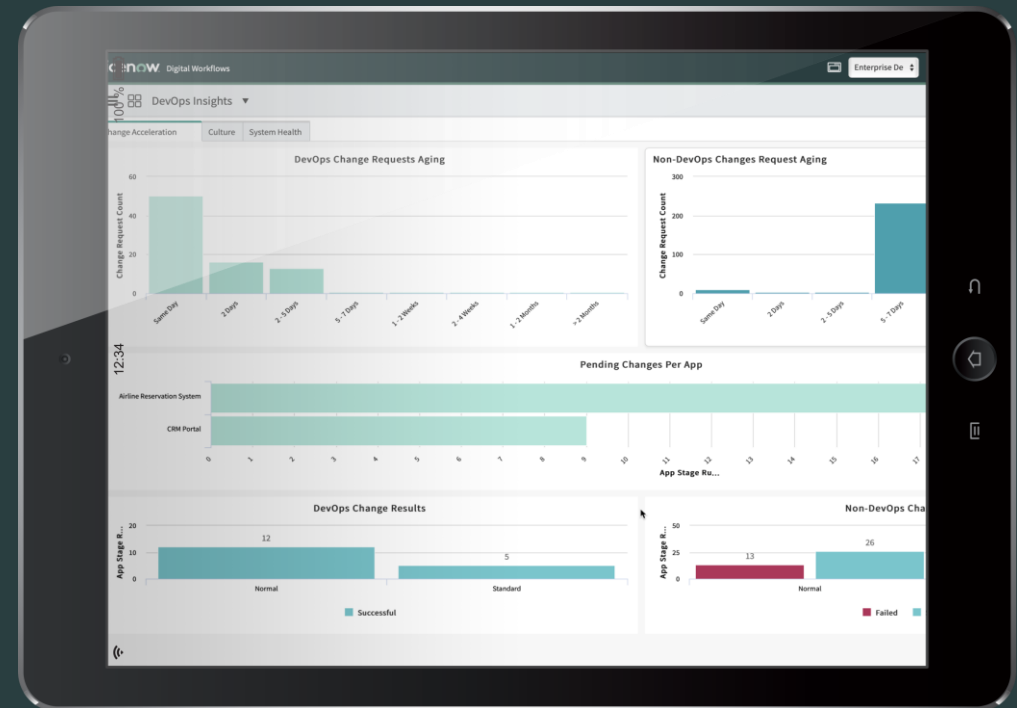
Deliver innovation faster without risk



Improve collaboration with shared insights



Lower engineering overhead managing integrations



Future products: “NowX”

Incubate great ideas and turn them into products

- Founded in January 2018
- Goal: Launch 1-2 products per year

Examples of new products in the works:

- Finance operations management
- Enterprise risk management
- Smart maintenance/IoT
- Industry verticals focus

“NowX” is a global team



Jan'18: started with 2 FTE
Q4'18: 45 FTE
Expected Q2'19: 75 FTE

First “NowX” product: Finance Operations Management

The first product targeted to the Office of the Chief Financial Officer
Controlled availability now, general availability in Q3 2019

Initial Functionality

Workspace for managing end-to-end accounting procedures for finance close



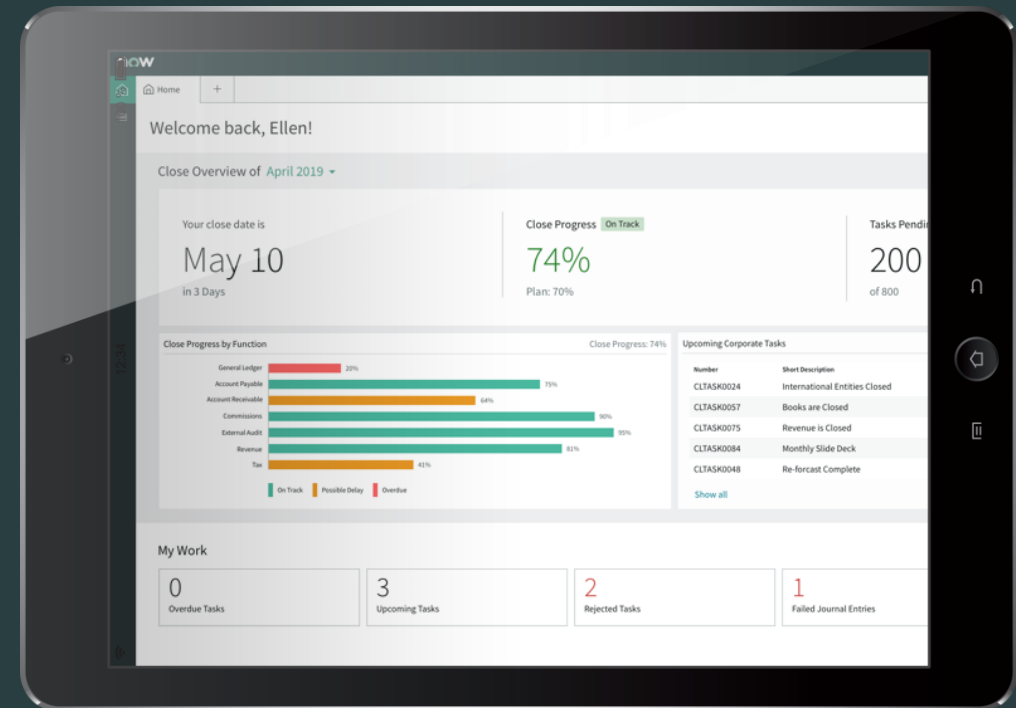
Reduce close risk



Increase team satisfaction



Accelerate financial close



Finance Operations Management

Initial Customer Feedback



“In recent years, certain technologies have emerged that significantly improve financial processes. The common challenges these technologies address are simplification, transparency, controls and efficiency. The ServiceNow product for finance is an innovative new solution enhancing the end-to-end coordination of financial processes that has the potential to make a meaningful impact on many of these challenges.”

**-- Aaron Anderson
Chief Accounting Officer, PayPal**

We believe we have a winning product portfolio

A Leader

ServiceNOW named a **Leader** in Gartner

- **Magic Quadrant for IT Service Management Tools (2018)**¹
- **Magic Quadrant for Integrated Risk Management Platforms (2018)**²
- **Magic Quadrant for Enterprise High-productivity Application PaaS (2018)**³

A Visionary

ServiceNOW named a **Visionary** in Gartner:

- **Magic Quadrant for CRM Customer Engagement Center (2018)**⁴
- **Magic Quadrant for Software Asset Management Tools (2019)**⁵

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¹Gartner, Inc., Magic Quadrant for IT Service Management Tools, Kenneth Gonzalez, Rich Doheny, Chris Matchett, August 16, 2018 ID: G00340718

²Gartner, Inc., Magic Quadrant for Integrated Risk Management, John A. Wheeler, Jie Zhang, Earl Perkins, July 16 2018 ID: G00323128

³Gartner, Inc., Magic Quadrant for Enterprise High-Productivity Application Platform as a Service, Paul Vincent, Van L. Baker, Yefim V. Natis, Kimihiko Iijima, Mark Driver, Rob Dunie, Jason Wong, Aashish Gupta, April 26, 2018

⁴Gartner, Inc., Magic Quadrant for the CRM Customer Engagement Center, Michael Maoz, Brian Manusama, 16 May 2018 ID: G00332817

⁵Gartner, Inc., Magic Quadrant for Software Asset Management Tools, Roger Williams, Matt Corsi, Ryan Stefani, 24 April 2019 ID: G00360099



Capturing The Opportunity Ahead

David Schneider

President, Global Customer Operations

Introduction

My ServiceNow Journey



2011

2018

employees



~ 400

~ 8,000

customers



~ 950

~ 5,400

customers >\$1M



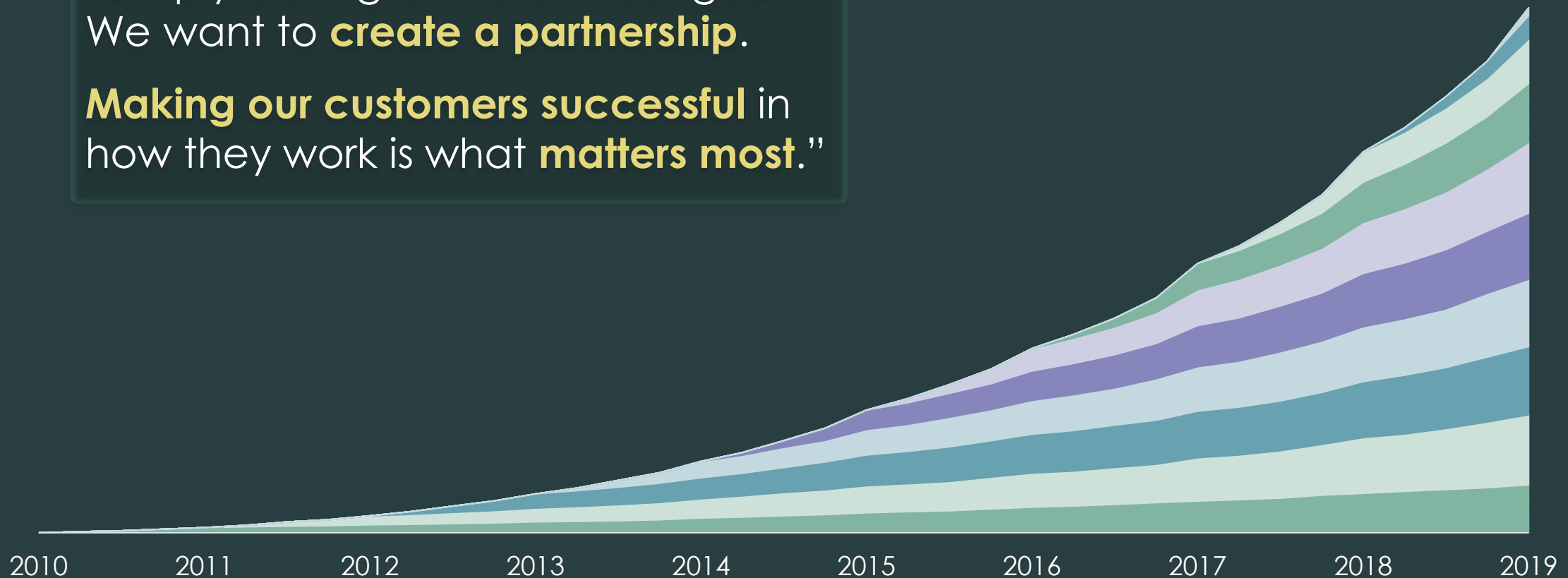
~ 20

~ 675

Making customers successful drives long-term relationships and growth

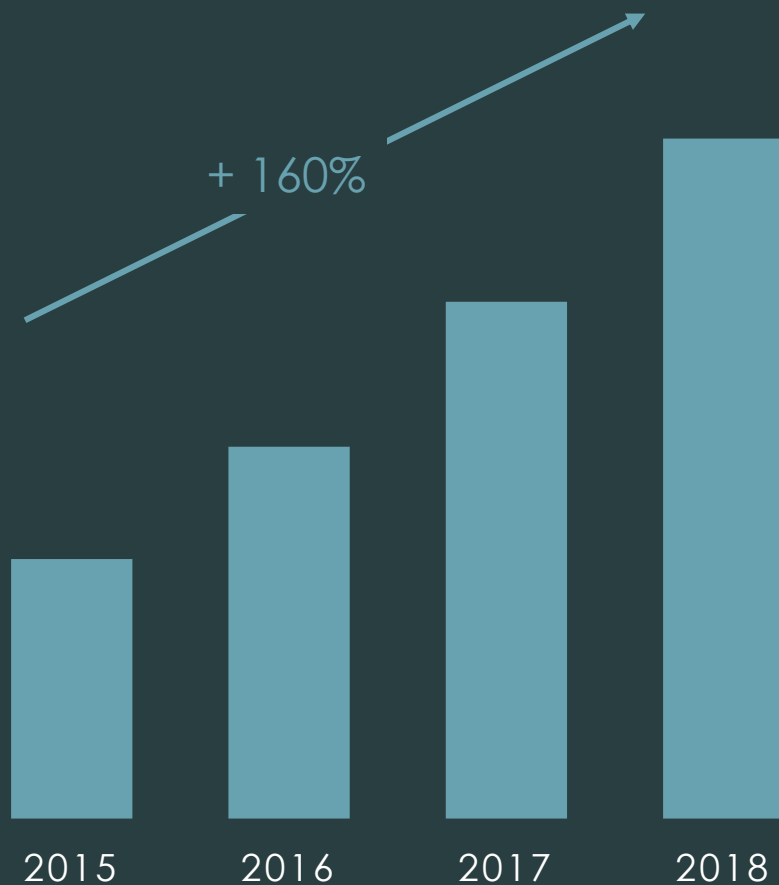
“Simply closing a sale isn’t our goal.
We want to **create a partnership**.

Making our customers successful in
how they work is what **matters most.**”

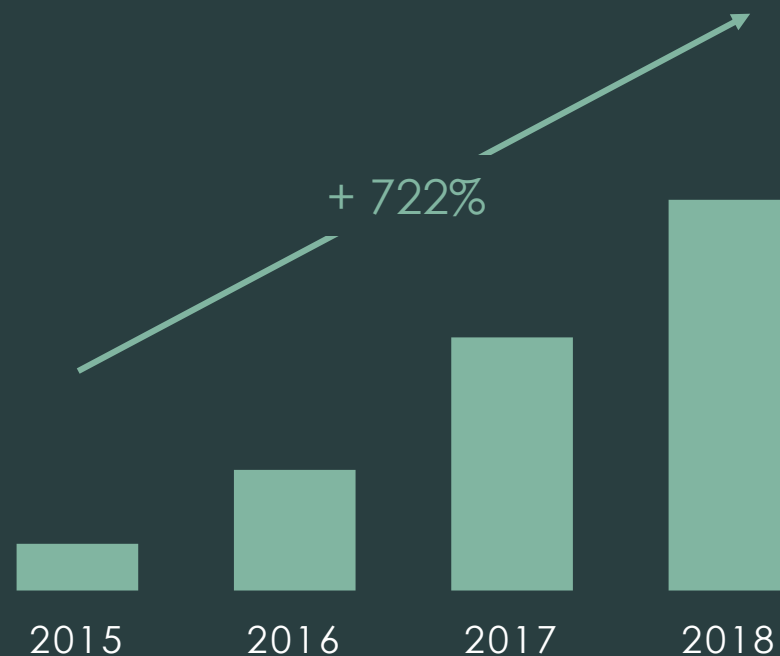


We must continue to build large relationships

Customers > \$1M ACV



Customers > \$5M ACV



We are a strategic partner at every phase of the customer journey



Building a robust partner ecosystem to deliver greater value to customers

“At ServiceNow, **partner success** is synonymous with **customer success**.”

Double-down on current global partners (G5)

accenture

Deloitte.



IBM

KPMG

Expand and evolve global partner ecosystem (+G11)

Atos

Cognizant

FUJITSU

+ 8 to be announced

2016

2017

2018

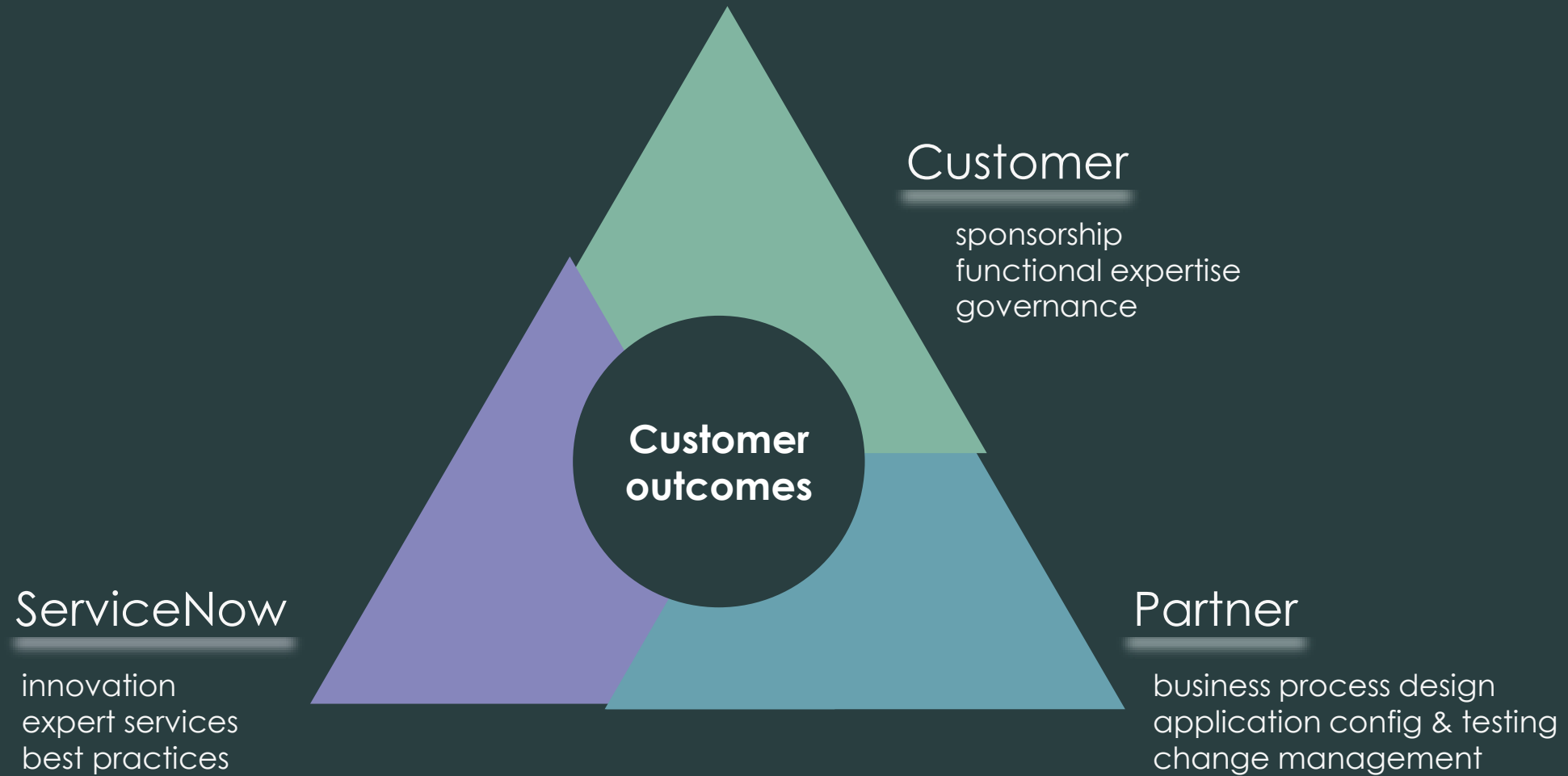
2019

2020

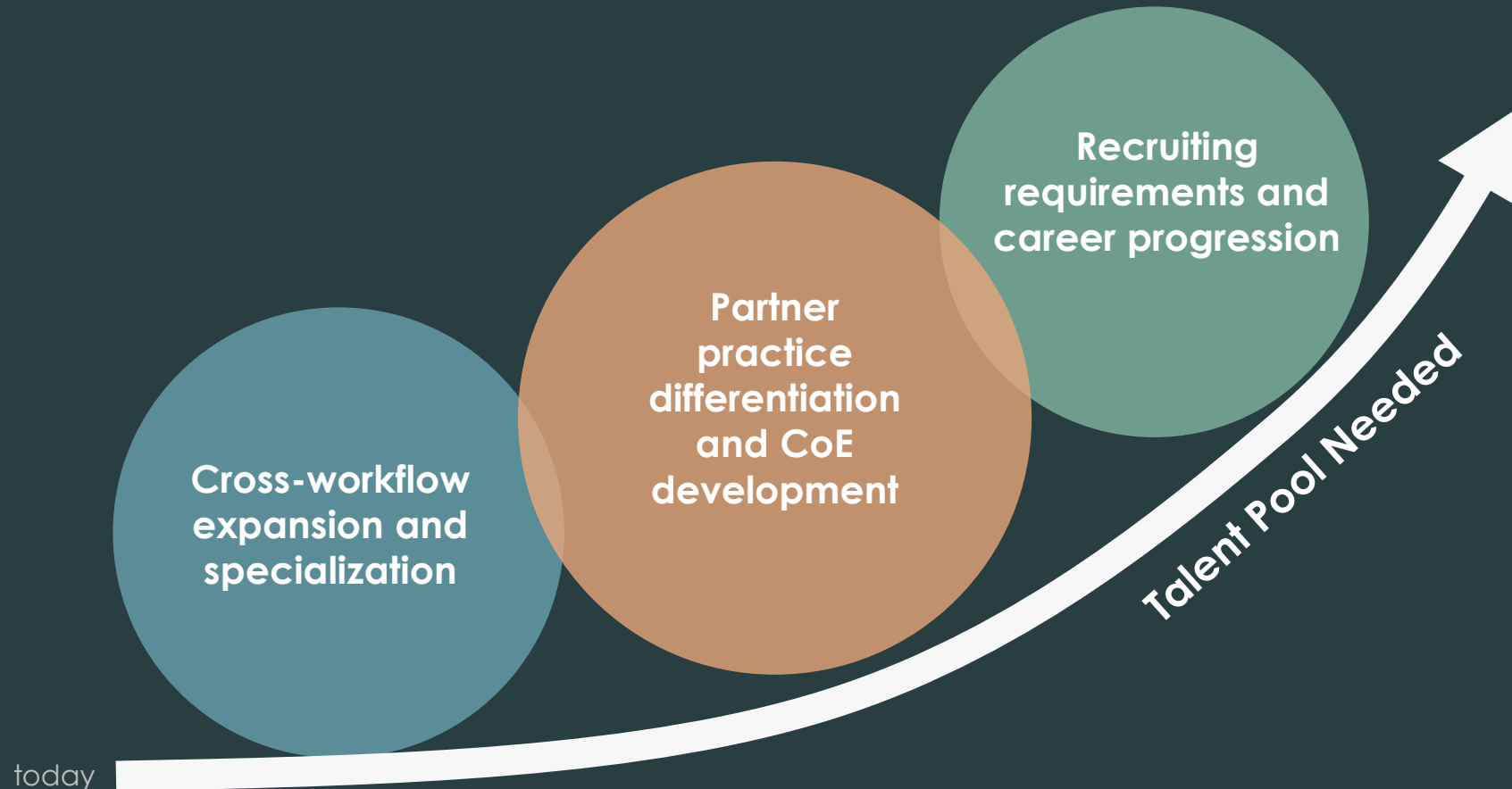
Subscription
Revenue

Services
Revenue

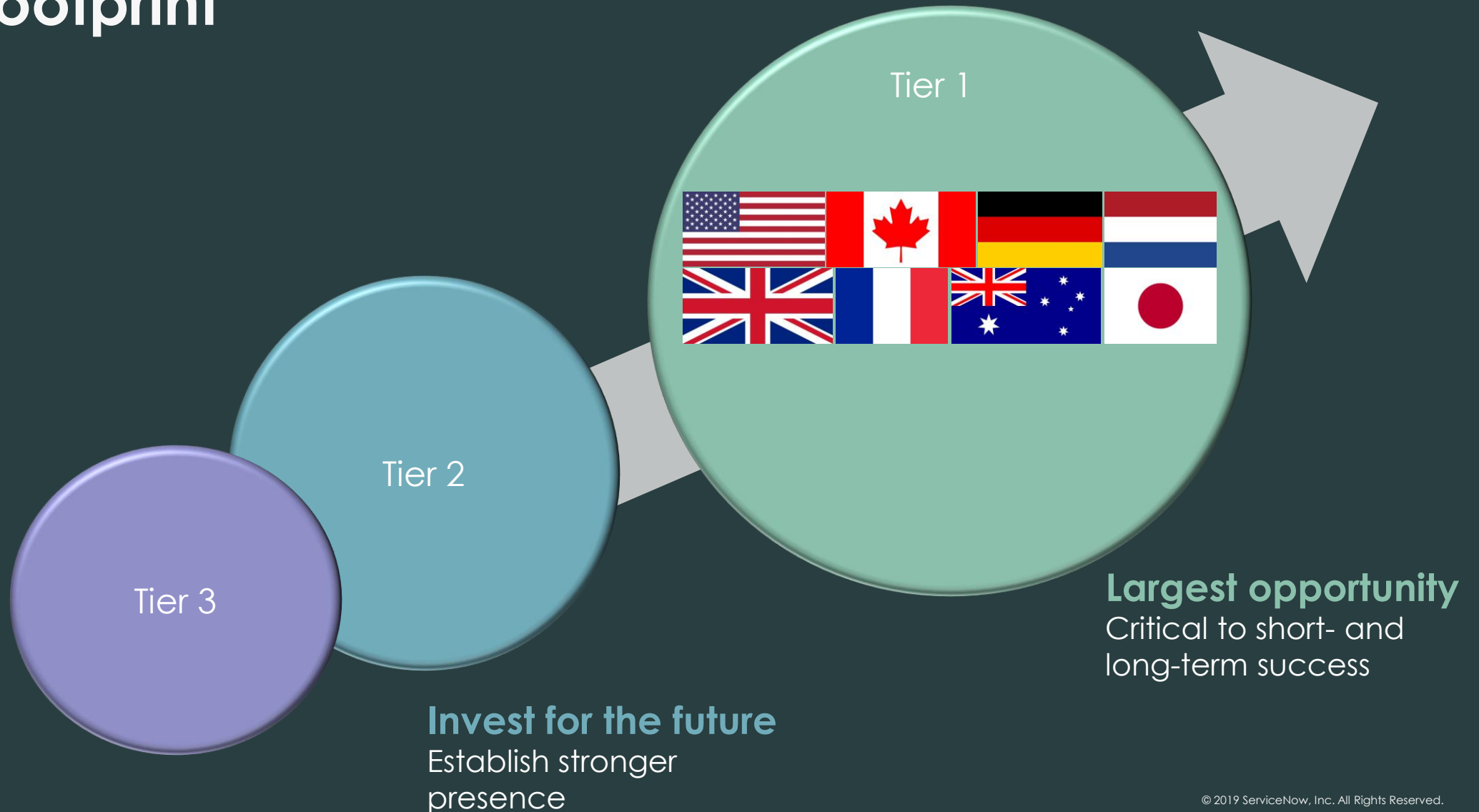
Our shared commitment will accelerate customer outcomes



Innovative training and certification programs are critical to building a skilled ecosystem of ServiceNow professionals



Continuing to invest in priority markets while expanding global footprint



Building industry-relevant teams and products to unlock potential



Customer perspective

>
accenture



Investing for growth

Mike Scarpelli

Chief Financial Officer

Key financial priorities



Consistent
Execution



Maintain High
Growth

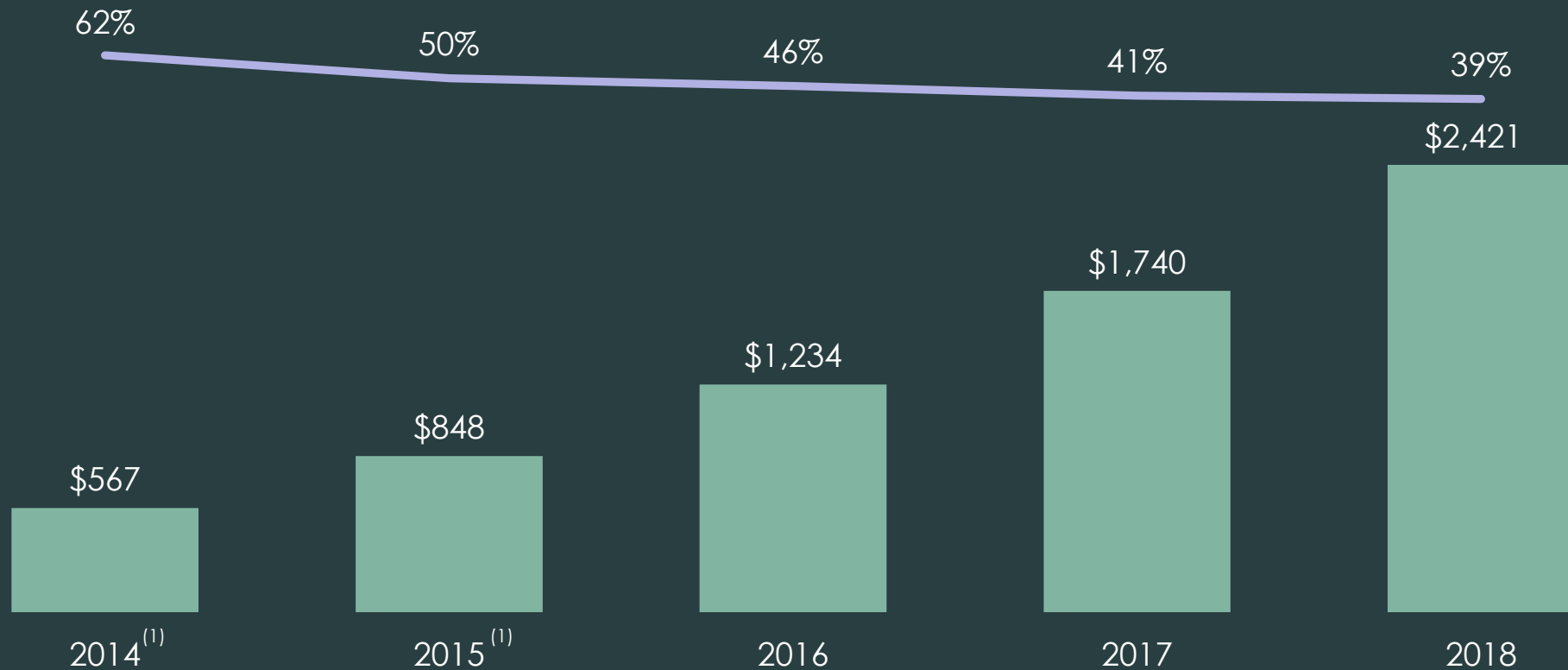


Efficient
Investments



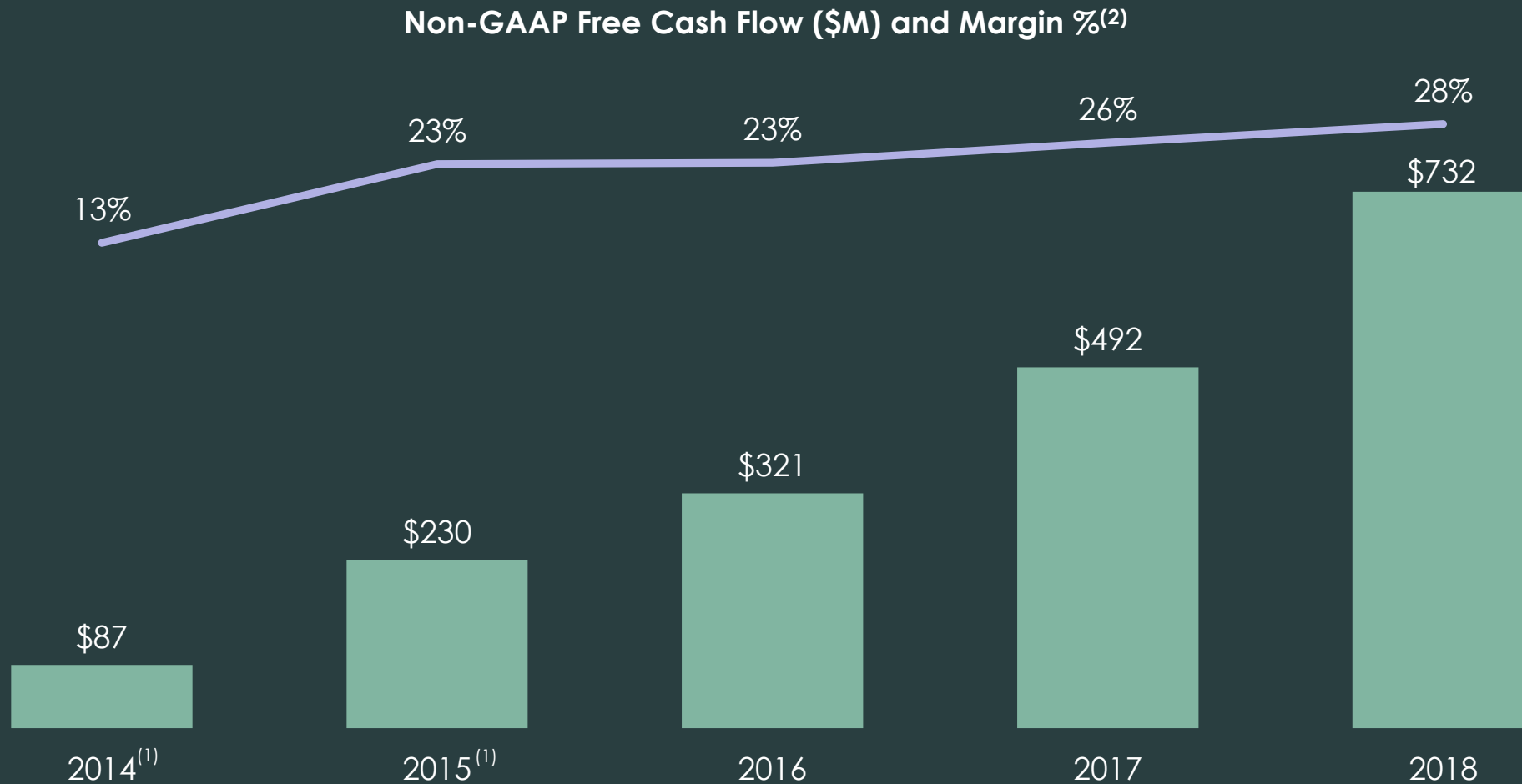
Delivering sustained high growth at scale...

Subscription Revenues (\$M) and Y/Y Growth





...With improving Non-GAAP free cash flow leverage

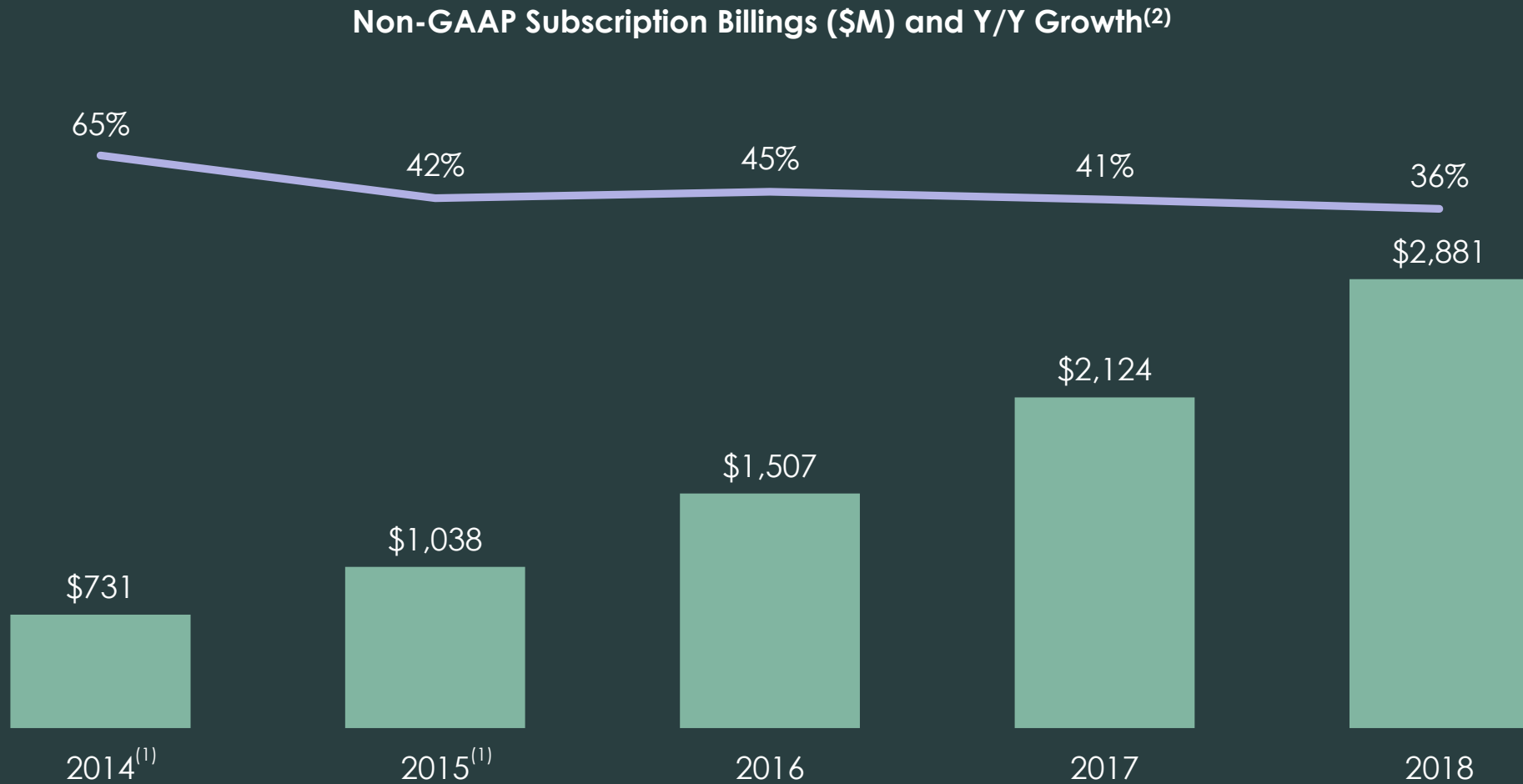


(1) Numbers reported under ASC605

(2) See the tables included at the end of this presentation for a reconciliation to GAAP

Note: Numbers rounded for presentation purposes

Non-GAAP Billings represents another indicator of high growth...



(1) Numbers reported under ASC605

(2) See the tables included at the end of this presentation for a reconciliation to GAAP

Note: Numbers rounded for presentation purposes



...But billings is not the best measure of performance

1

Contract Start Dates

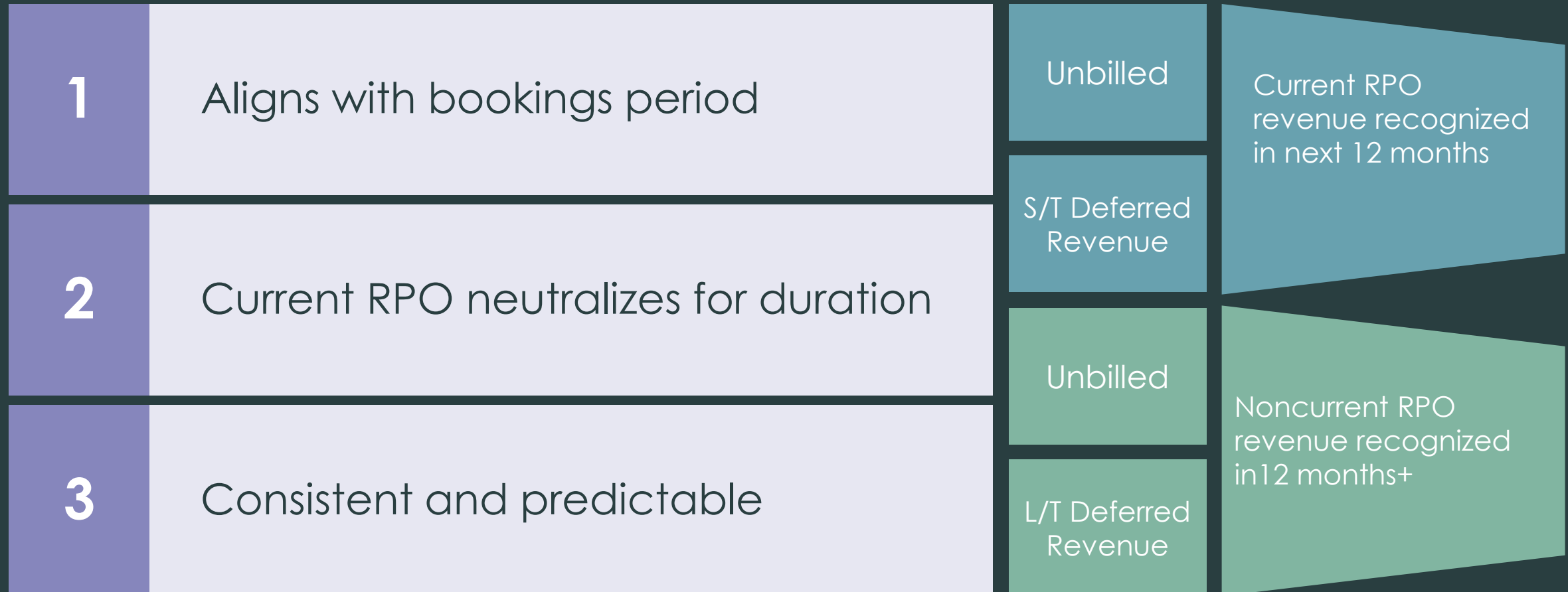
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Duration

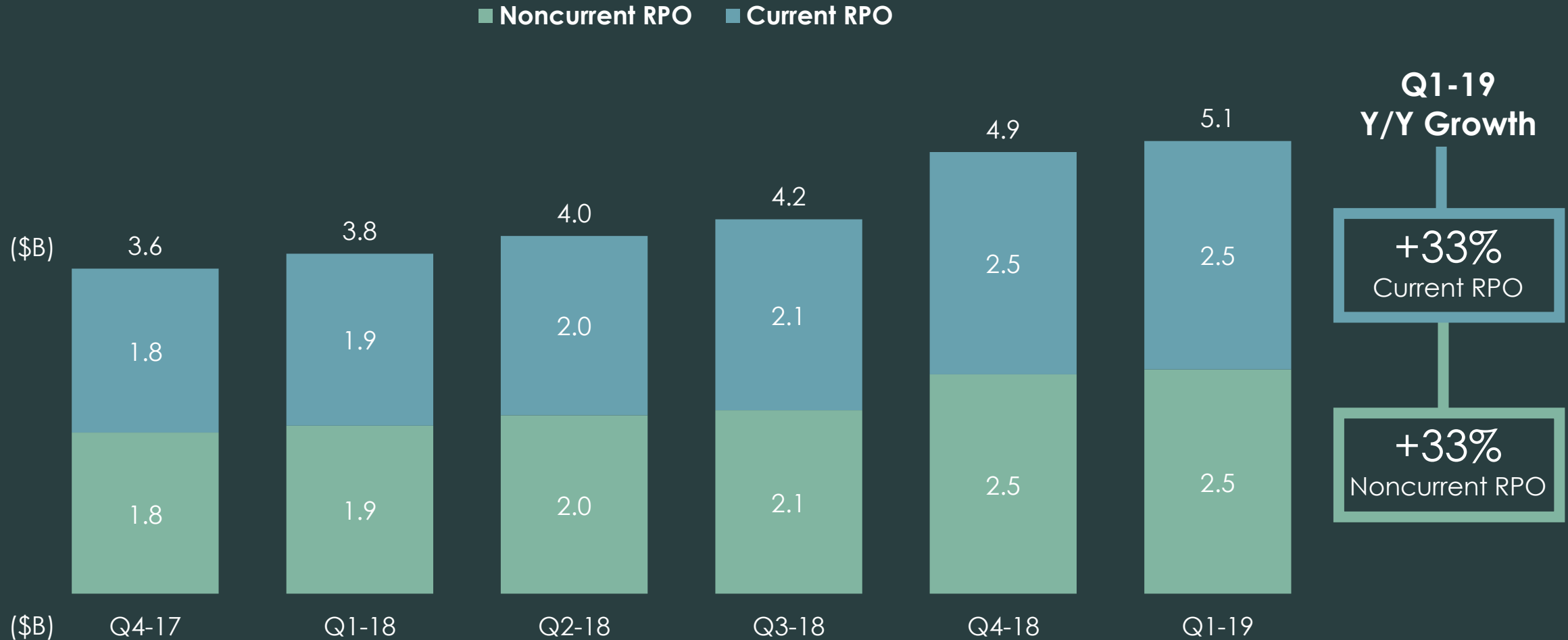
3

Seasonality

Remaining Performance Obligation⁽¹⁾ (RPO) is a better measure of performance



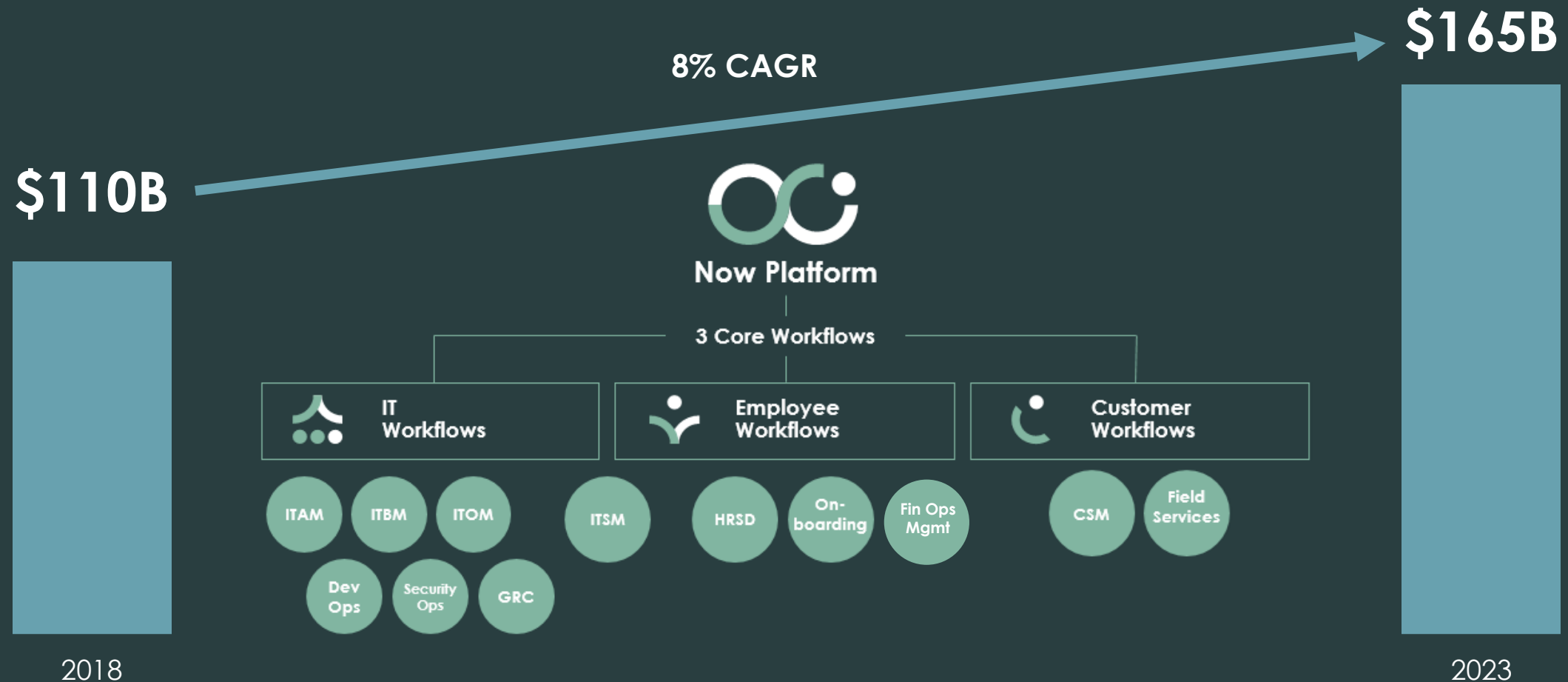
With current RPO⁽¹⁾ providing insight into near-term revenues



(1) Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenues in future periods (unbilled backlog). We apply the practical expedient in accordance with Topic 606 to exclude amounts related to professional services contracts that are on a time-and-material basis, which typically have a remaining duration of one year or less. In addition, we elected to apply the practical expedient to not disclose the transaction price allocated to remaining performance obligations for all periods presented before January 1, 2018, the date of our initial adoption of Topic 606.

Note: Numbers rounded for presentation purposes

Large and growing total addressable market...

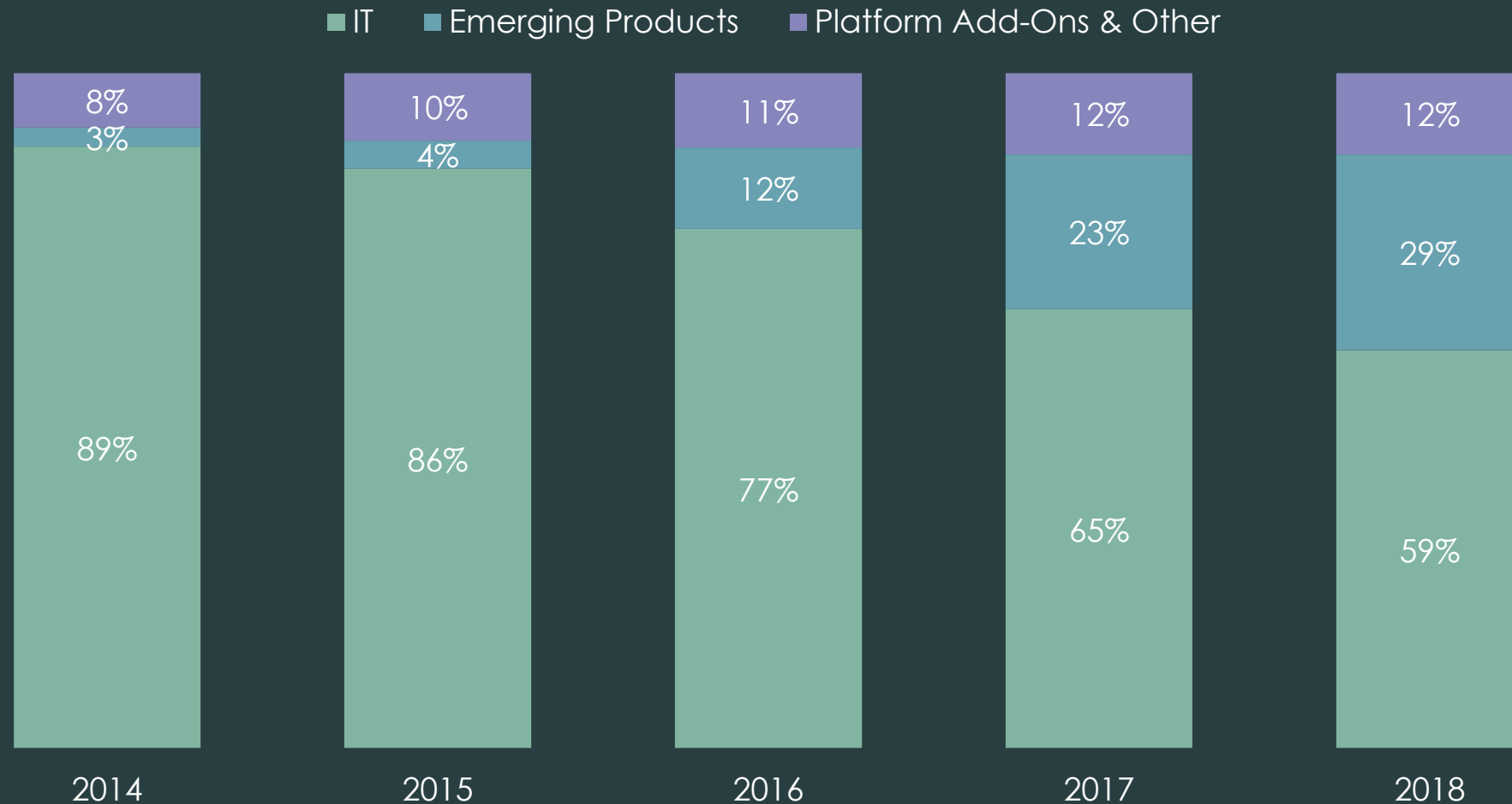


Note: Calculations performed by ServiceNow and graphics created by ServiceNow based on Gartner research. (i) Source: markets defined from three Gartner reports: Gartner, Forecast: (i) Infrastructure Software Markets, Worldwide, 2017-2023, 1Q19 Update, (ii) Gartner, Forecast: Enterprise Application Software, Worldwide, 2017-2023, 1Q19 Update, and (iii) Gartner, Forecast: Information Security and Risk Management, Worldwide, 2016-2022 4Q18 Update as Experience Management: ITSM, Performance Analysis: AIOps, ITIM and Other Monitoring Tools, Other IT Operations Management, Experience Management: SAM, ITAM and ITFM, Delivery Automation, Delivery Automation: ARO, Application Development Lifecycle Management (ADLM), Testing, Project and Portfolio Management (PPM), Application Platform as a Service (aPaaS), Integration Platform as a Service (iPaaS), Other AD, Portal & Digital Engagement, Application Platform Software, Business Process Mgmt Suite, Mobile App Development Platform, Other Information Security Software, Customer Service and Support, FMS Components, Integrated Risk Management Solutions Software. 2018 includes Financial Operations Management and DevOps products for comparability. Now Platform includes Performance Analytics and IntegrationHub

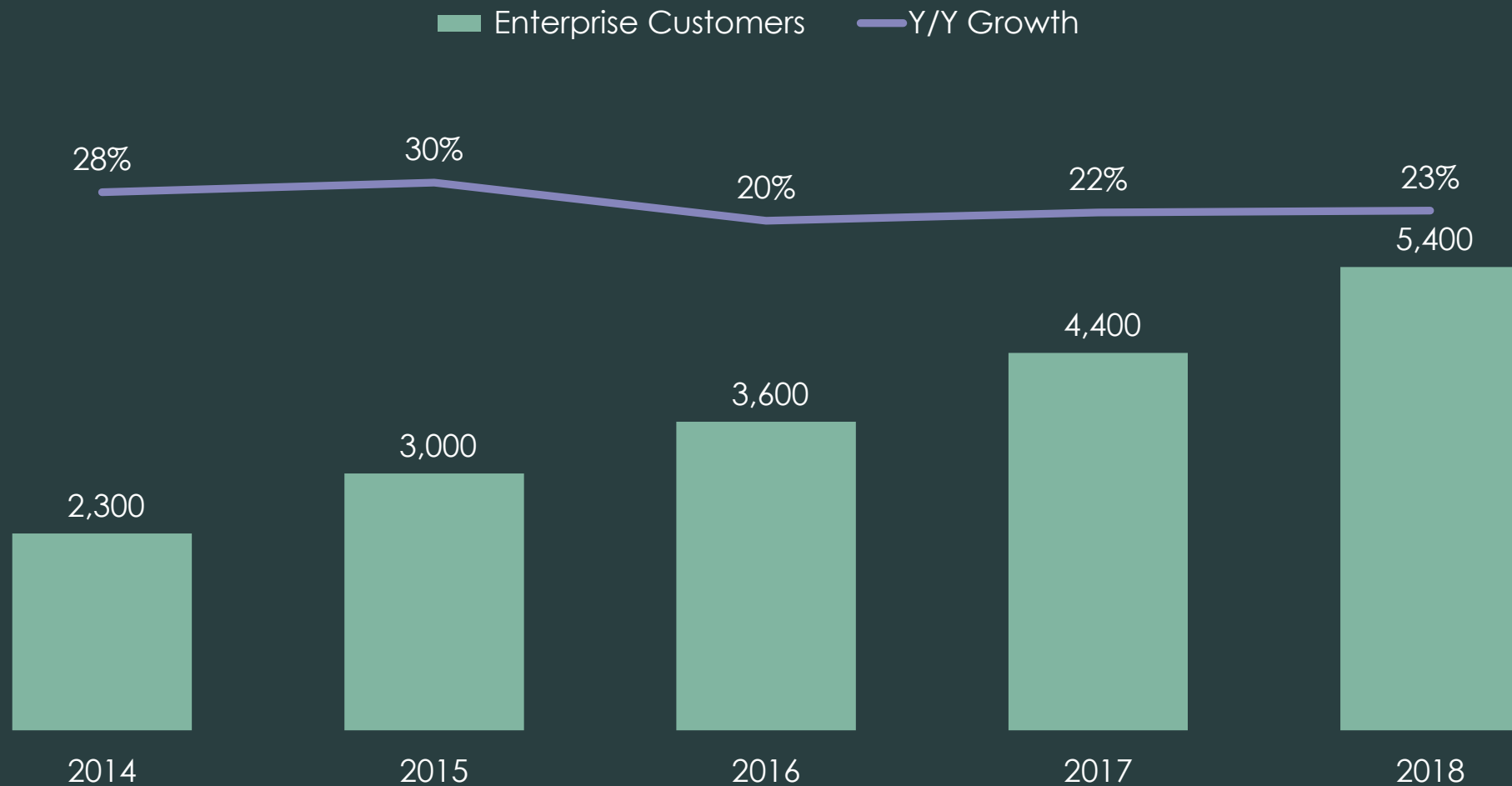


...Is driving growth in emerging products

Net New ACV mix shift to emerging products



Landing new customers is an important indicator of future growth...

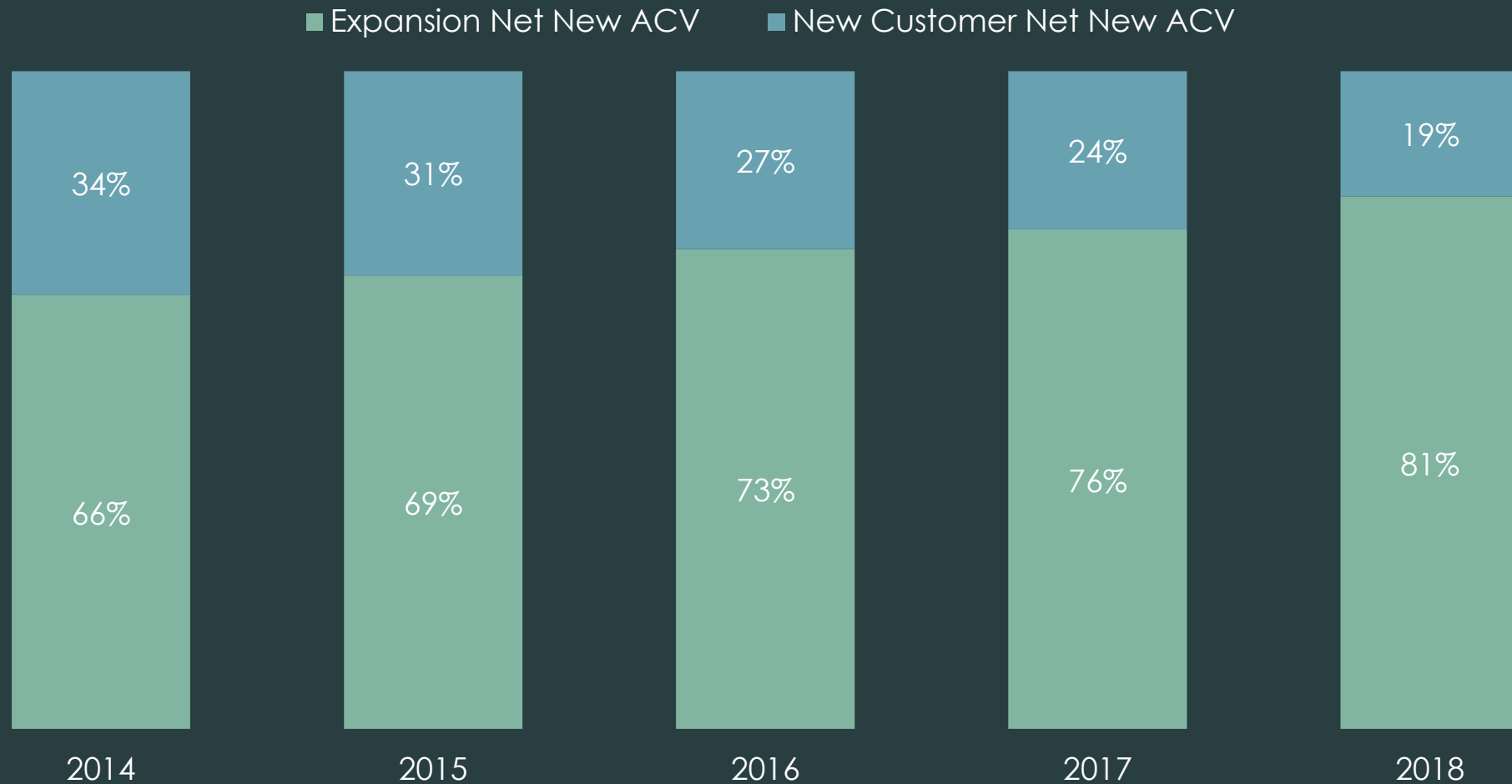


Note: We adjust our customer count for acquisitions, consolidations and other customer events that cause the merging of two or more accounts. Previously disclosed number of customers is restated to allow for comparability. Numbers rounded for presentation purposes. Enterprise customers count excludes customers that have only purchased our Express product offering, which was our entry-level IT service management solution.

...But expanding existing customer relationships is a key growth driver



130%+ dollar-based net expansion rate in 2018

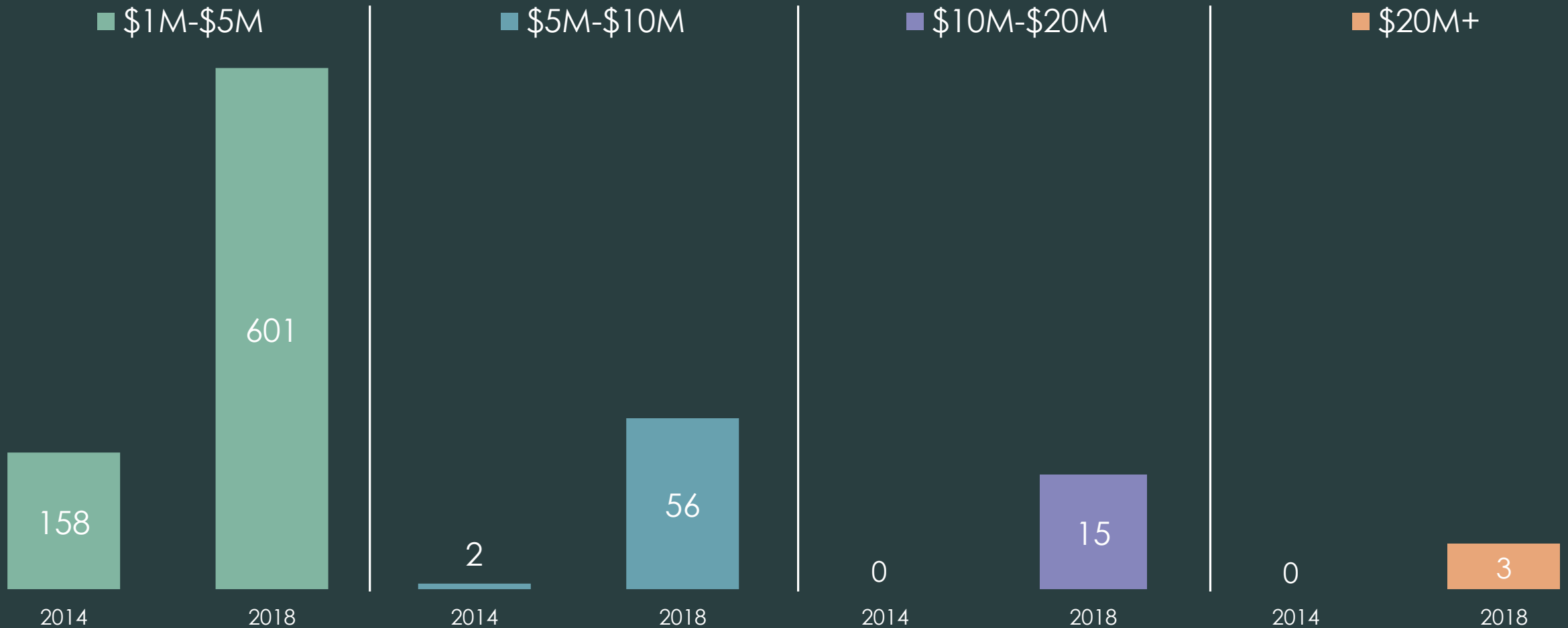


Note: Original version of this slide included an error that has been corrected.

Existing investments have resulted in large customer relationships...



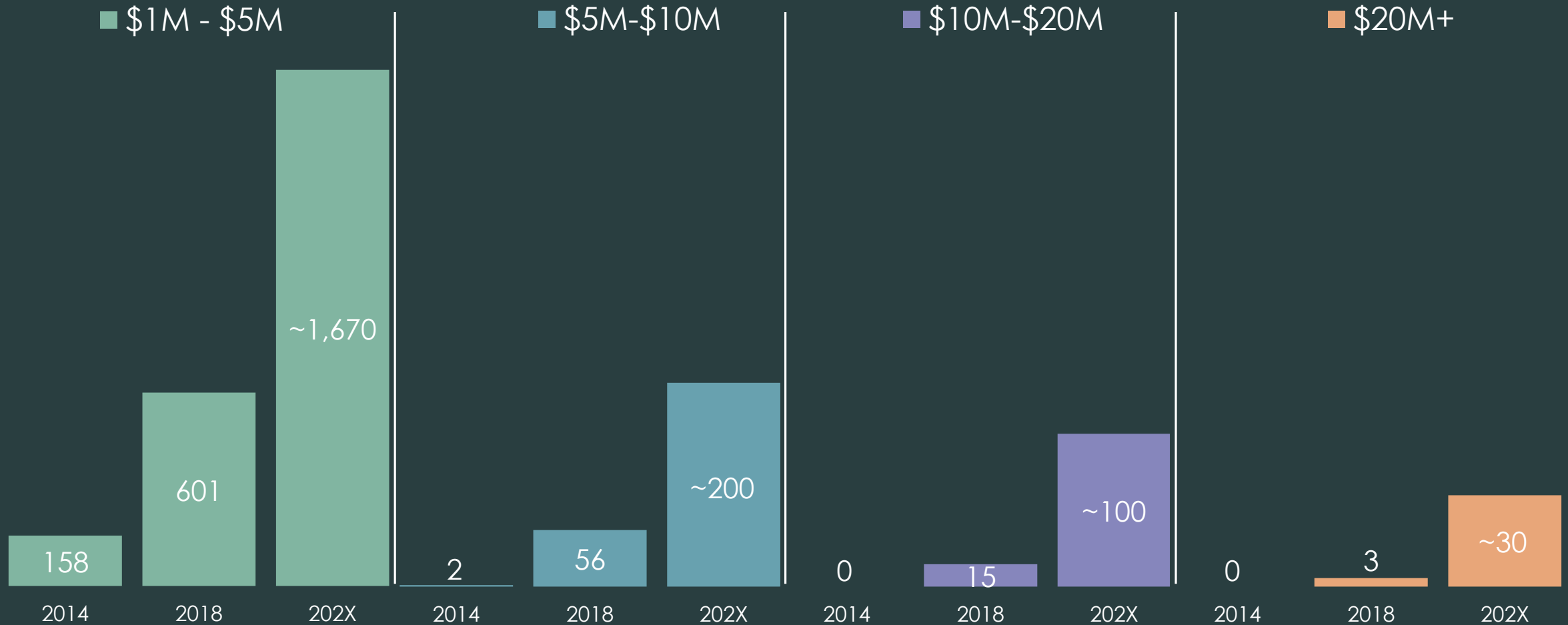
675 Customers paying \$1M+ annually



...Our investments are leading to larger customer relationships...



~2,000 Customers paying \$1M+⁽¹⁾



Note: Previously disclosed number of customers with ACV greater than \$1 million is restated to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was entered into. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

(1) ServiceNow calculation assuming \$10B in total revenues

...And large customer relationships are highly profitable



Customer ACV / Cost to book and serve*

Fortune 500 Customer Examples



Our long-term growth opportunity requires efficient investments...



Platform and
Product



Customer
Success



Brand



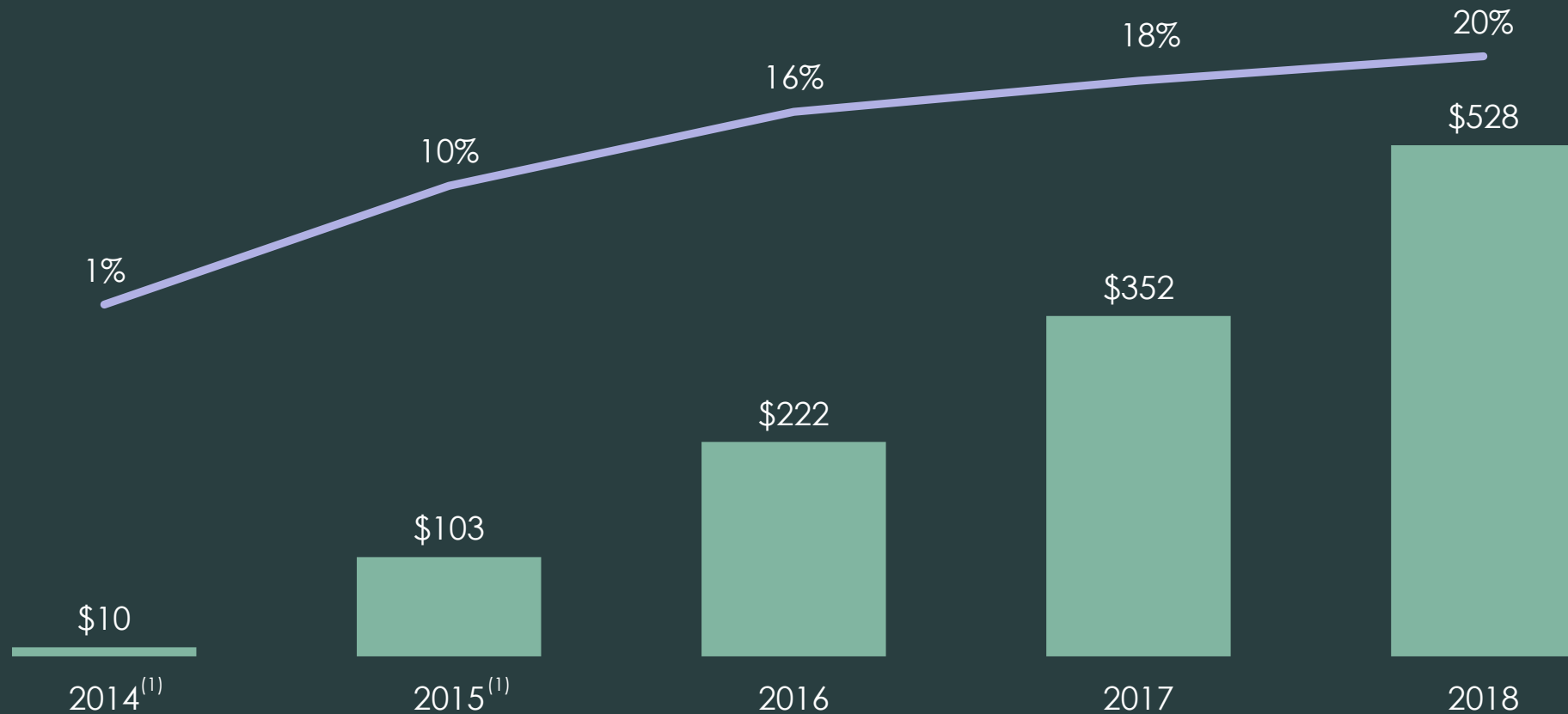
Talent



...And we will continue to be disciplined as we invest



Non-GAAP Operating Profit (\$M) and Margin %⁽²⁾



Target operating model

2020 Total Revenues ----->\$4B

Non-GAAP Subscription Gross Margin ----- 84-86%

Annual Non-GAAP Operating Margin Expansion ----- ~100 bps

Annual Non-GAAP Free Cash Flow Margin Expansion ----- > 0 bps

Non-GAAP Tax Rate ----- 18-20%

Annual Dilution Increase ----- <3%

servicenow™

GAAP to Non-GAAP Reconciliation – Revenues and Billings

in millions (except %'s)	2014*	2015*	2016	2017	2018
GAAP Subscription Revenues ⁽¹⁾	\$ 567	\$ 848	\$ 1,234	\$ 1,740	\$ 2,421
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	164	190	273	384	460
Non-GAAP Subscription Billings	\$ 731	\$ 1,038	\$ 1,507	\$ 2,124	\$ 2,881
YoY Non-GAAP Subscription Billings Growth Rates	65%	42%	45%	41%	36%

*Numbers reported under ASC 605.

⁽¹⁾ Effective January 1, 2018, we adopted the Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". Certain prior period amounts and growth rates reported for fiscal year 2016 and 2017 have been adjusted to reflect the impact of the full retrospective adoption of Topic 606.

Note: Numbers are rounded for presentation purpose.

GAAP to Non-GAAP Reconciliation – Other

in millions (except %'s)	2014*	Margin	2015*	Margin	2016	Margin	2017	Margin	2018	Margin
GAAP Income (Loss) from Operations ⁽¹⁾	\$ (152)	-23%	\$ (166)	-17%	\$ (382)	-27%	\$ (64)	-3%	\$ (42)	-2%
(+) SBC	154	23%	258	26%	318	23%	394	21%	544	21%
(+) Amort of Purchased Intangibles	7	1%	12	1%	15	1%	20	0%	25	1%
(+) Business Combination and Other Related Costs	1	0%	-	0%	1	0%	2	0%	1	0%
(+) Legal Settlements	-	0%	-	0%	270	19%	-	0%	-	0%
Non-GAAP Income from Operations	\$ 10	1%	\$ 103	10%	\$ 222	16%	\$ 352	18%	\$ 528	20%
GAAP Net Cash Provided by Operating Activities ^{(1) (2)}	\$ 141	21%	\$ 318	32%	\$ 159	11%	\$ 643	34%	\$ 811	31%
(-) Purchases of Property and Equipment	54	8%	88	9%	106	7%	151	8%	224	9%
(+) Cash Paid for Legal Settlements	-	0%	-	0%	268	19%	-	0%	-	0%
(+) Repayments of Convertible Senior Notes attributable to Debt Discount	-	0%	-	0%	-	0%	-	0%	145	6%
Non-GAAP Free Cash Flow	\$ 87	13%	\$ 230	23%	\$ 321	23%	\$ 492	26%	\$ 732	28%

*Numbers reported under ASC 605.

⁽¹⁾ Effective January 1, 2018, we adopted the Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". Certain prior period amounts and margins reported for fiscal year 2016 and 2017 have been adjusted to reflect the impact of the full retrospective adoption of Topic 606.

⁽²⁾ 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 and \$2.0M for the years ended December 31, 2015 and 2014, respectively.

Note: Numbers are rounded for presentation purpose.