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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 March 31, 2022

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 001-35580



SERVICENOW, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-2056195**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

ServiceNow, Inc.
2225 Lawson Lane
Santa Clara, California 95054
(Address, including zip code, of registrant's principal executive offices)

(408) 501-8550
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and formal fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.001 per share	NOW	The New York Stock Exchange

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 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of March 31, 2022, there were approximately 200 million shares of the Registrant's Common Stock outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS

SERVICENOW, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	March 31, 2022	December 31, 2021
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 2,252	$ 1,728
Short-term investments	1,762	1,576
Accounts receivable, net	824	1,390
Current portion of deferred commissions	322	303
Prepaid expenses and other current assets	282	223
Total current assets	5,442	5,220
Deferred commissions, less current portion	655	623
Long-term investments	1,484	1,630
Property and equipment, net	798	766
Operating lease right-of-use assets	583	591
Intangible assets, net	266	287
Goodwill	774	777
Deferred tax assets	686	692
Other assets	305	212
Total assets	$ 10,993	$ 10,798
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 166	$ 89
Accrued expenses and other current liabilities	661	850
Current portion of deferred revenue	3,850	3,836
Current portion of operating lease liabilities	87	82
Current debt, net	88	92
Total current liabilities	4,852	4,949
Deferred revenue, less current portion	57	63
Operating lease liabilities, less current portion	548	556
Long-term debt, net	1,484	1,484
Other long-term liabilities	55	51
Total liabilities	6,996	7,103
Commitments and contingencies		
Stockholders' equity:		
Common stock	—	—
Additional paid-in capital	3,925	3,665
Accumulated other comprehensive income/(loss)	(16)	34
Retained earnings (accumulated deficit)	88	(4)
Total stockholders' equity	3,997	3,695
Total liabilities and stockholders' equity	$ 10,993	$ 10,798

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, except number of shares which are reflected in thousands and per share data)
(unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Revenues:		
Subscription	$ 1,631	$ 1,293
Professional services and other	91	67
Total revenues	1,722	1,360
Cost of revenues[(1)]:		
Subscription	275	228
Professional services and other	94	71
Total cost of revenues	369	299
Gross profit	1,353	1,061
Operating expenses[(1)]:		
Sales and marketing	673	524
Research and development	414	314
General and administrative	179	126
Total operating expenses	1,266	964
Income from operations	87	97
Interest expense	(6)	(7)
Other income, net	4	9
Income before income taxes	85	99
Provision for income taxes	10	17
Net income	$ 75	$ 82
Net income per share - basic	$ 0.38	$ 0.42
Net income per share - diluted	$ 0.37	$ 0.41
Weighted-average shares used to compute net income per share - basic	200,088	196,624
Weighted-average shares used to compute net income per share - diluted	202,800	202,268
Other comprehensive loss:		
Foreign currency translation adjustments	$ (12)	$ (31)
Unrealized losses on investments, net of tax	(38)	(7)
Other comprehensive loss	(50)	(38)
Comprehensive income	$ 25	$ 44

(1) Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2022	**2021**
Cost of revenues:		
Subscription	$ 36	$ 29
Professional services and other	$ 16	$ 13
Operating expenses:		
Sales and marketing	$ 105	$ 93
Research and development	$ 115	$ 88
General and administrative	$ 53	$ 33

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except number of shares which are reflected in thousands)
(unaudited)

	Three Months Ended March 31, 2022					
	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	**199,608**	**$ —**	**$ 3,665**	**$ (4)**	**$ 34**	**$ 3,695**
Cumulative-effect adjustment from adoption of Accounting Standards Update (ASU) 2020-06	—	—	(19)	17	—	(2)
Common stock issued under employee stock plans	849	—	105	—	—	105
Taxes paid related to net share settlement of equity awards	—	—	(150)	—	—	(150)
Stock-based compensation	—	—	324	—	—	324
Settlement of 2022 Notes conversion feature	—	—	(21)	—	—	(21)
Benefit from exercise of 2022 Note Hedge	—	—	21	—	—	21
Other comprehensive loss, net of tax	—	—	—	—	(50)	(50)
Net income	—	—	—	75	—	75
Balance at March 31, 2022	**200,457**	**$ —**	**$ 3,925**	**$ 88**	**$ (16)**	**$ 3,997**

	Three Months Ended March 31, 2021					
	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2020	**195,845**	**$ —**	**$ 2,974**	**$ (234)**	**$ 94**	**$ 2,834**
Common stock issued under employee stock plans	1,066	—	94	—	—	94
Taxes paid related to net share settlement of equity awards	—	—	(191)	—	—	(191)
Stock-based compensation	—	—	256	—	—	256
Settlement of 2022 Warrants	536	—	—	—	—	—
Settlement of 2022 Notes conversion feature	—	—	(102)	—	—	(102)
Benefit from exercise of 2022 Note Hedge	—	—	102	—	—	102
Other comprehensive loss, net of tax	—	—	—	—	(38)	(38)
Net income	—	—	—	82	—	82
Balance at March 31, 2021	**197,447**	**$ —**	**$ 3,133**	**$ (152)**	**$ 56**	**$ 3,037**

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net income	$ 75	$ 82
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	101	106
Amortization of deferred commissions	83	66
Stock-based compensation	325	256
Deferred income taxes	(2)	1
Repayments of convertible senior notes attributable to debt discount	—	(7)
Other	15	17
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	562	354
Deferred commissions	(137)	(114)
Prepaid expenses and other assets	(46)	(3)
Accounts payable	69	89
Deferred revenue	21	75
Accrued expenses and other liabilities	(203)	(195)
Net cash provided by operating activities	$ 863	$ 727
Cash flows from investing activities:		
Purchases of property and equipment	(93)	(107)
Business combinations, net of cash acquired	—	(225)
Purchases of investments	(662)	(644)
Purchases of non-marketable investments	(101)	—
Sales and maturities of investments	577	532
Others	(1)	7
Net cash used in investing activities	$ (280)	$ (437)
Cash flows from financing activities:		
Repayments of convertible senior notes attributable to principal	(6)	(28)
Proceeds from employee stock plans	105	95
Taxes paid related to net share settlement of equity awards	(150)	(191)
Net cash used in financing activities	$ (51)	$ (124)
Foreign currency effect on cash, cash equivalents and restricted cash	(5)	(18)
Net change in cash, cash equivalents and restricted cash	527	148
Cash, cash equivalents and restricted cash at beginning of period	1,732	1,679
Cash, cash equivalents and restricted cash at end of period	$ 2,259	$ 1,827
Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	$ 2,252	$ 1,821
Restricted cash included in prepaid expenses and other current assets	7	6
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	$ 2,259	$ 1,827
Supplemental disclosures of other cash flow information:		
Interest paid	$ 11	$ 15
Income taxes paid, net of refunds	$ 9	$ 12
Non-cash investing and financing activities:		
Settlement of 2022 Notes conversion feature	$ 21	$ 102
Benefit from exercise of 2022 Note Hedge	$ 21	$ 102
Property and equipment included in accounts payable, accrued expenses and other liabilities	$ 73	$ 28

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Unless the context requires otherwise, references in this report to "ServiceNow," the "Company," "we," "us," and "our" refer to ServiceNow, Inc. and its consolidated subsidiaries.

(1) Description of the Business

ServiceNow was founded on a simple premise: a better technology platform will help work flow better. We help global enterprises across industries, universities and governments to digitize their workflows. We categorize the workflows we provide into four primary areas: Technology (formerly known as Information Technology), Employee, Customer and Creator. The products under each of our workflows help customers connect work across systems and silos to enable great experiences for people. The Now Platform is uniquely positioned to enable our customers' digital transformation from non-integrated enterprise technology solutions with manual and disconnected processes and activities, to integrated enterprise technology solutions with automation and connected processes and activities which increases our customers' resiliency and security and delivers additional value to their employees and consumers.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements due to the permitted exclusion of certain disclosures for interim reporting. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary under GAAP for fair statement of results for the interim periods presented have been included. As a result of displaying amounts in millions, rounding differences may exist in the consolidated financial statements and footnote tables. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for other interim periods or future years. The condensed consolidated balance sheet as of December 31, 2021 is derived from audited consolidated financial statements; however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 3, 2022.

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP, and include our accounts and the accounts of our wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Such management estimates and assumptions include, but are not limited to, standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations, the period of benefit for deferred commissions, valuation of intangible assets, the useful life of property and equipment and identifiable intangible assets, stock-based compensation expense and income taxes. Actual results could differ from those estimates. We assessed the impact of COVID-19 on the estimates and assumptions and determined there was no material impact.

In January 2022, we completed an assessment of the useful life of our data center equipment and determined we should increase the estimated useful life of data center equipment from three years to four years. This change in accounting estimate was effective beginning fiscal year 2022. Based on the carrying amount of data center equipment included in property and equipment, net as of December 31, 2021, the effect of this change in estimate for the three months ended March 31, 2022, was a reduction in depreciation expense of $21 million and an increase in net income of $20 million, or $0.10 per share basic and diluted.

Significant Accounting Policies

There were no significant changes to our significant accounting policies disclosed in "Note 2 – Summary of Significant Accounting Policies" of our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 3, 2022, other than the change in useful life of our data center equipment, discussed above.

Concentration of Credit Risk and Significant Customers

Credit risk arising from accounts receivable is mitigated to a certain extent due to our large number of customers and their dispersion across various industries and geographies. As of March 31, 2022, we had one customer, a channel partner, that represented 10% of our accounts receivable. As of December 31, 2021, there were no customers that represented more than 10% of our accounts receivable balance. Further, there were no customers that individually exceeded 10% of our total revenues in any of the periods presented. Our customers in Russia represented an immaterial portion of our total consolidated revenues and our accounts receivable balance in any of the periods presented. For purposes of assessing concentration of credit risk and significant customers, a group of customers under common control or customers that are affiliates of each other are regarded as a single customer.

Recently Adopted Accounting Pronouncement

Debt with Conversion Options

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, "Debt–Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging–Contracts in Entity's Own Equity (Subtopic 815-40)" to simplify the accounting for convertible instruments and contracts on an entity's own equity. The standard results in our 2022 Notes being accounted for as a single unit of debt and requires the if-converted method to calculate diluted earnings per share calculation. We adopted this standard effective January 1, 2022 using a modified retrospective method, under which the basis of all convertible instruments outstanding at adoption have been adjusted to the amounts that would have been recorded had the new guidance been applied from inception. The previously recorded equity component of the convertible instrument outstanding and amortization of the debt discount and issuance costs classified as equity are reclassified from equity to debt through an adjustment to the opening balance of accumulated deficit as of January 1, 2022 which will result in reduced interest expense in future periods. Adoption of the standard resulted in a decrease to accumulated deficit of $17 million, decrease to additional paid-in capital of $19 million and an increase to debt, current of $2 million.

Further, we utilized the if-converted method for purposes of diluted net income per share. The impact of the change in methodology to determine diluted net income per share of common stock attributable to common stockholders is immaterial.

Recently Issued Accounting Pronouncement Pending Adoption

Acquired Contract Assets and Contract Liabilities

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Acquired Contract Assets and Contract Liabilities" which improves comparability for both the recognition and measurement of acquired revenue contracts with customers at the date of and after a business combination by providing consistent recognition guidance. This standard is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted, including in an interim period, for any period for which financial statements have not yet been issued. However, adoption in an interim period other than the first fiscal quarter requires an entity to apply the new guidance to all prior business combinations that have occurred since the beginning of the annual period in which the new guidance is adopted. The Company is currently evaluating the timing of adoption and impact, if any, of this new standard on our consolidated financial statements.

(3) Investments

Marketable Debt Securities

The following is a summary of our available-for-sale debt securities recorded within short-term and long-term investments on the condensed consolidated balance sheets (in millions):

	March 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	$ 575	$ —	$ (2)	$ 573
Corporate notes and bonds	2,424	—	(35)	2,389
Certificates of deposit	122	—	—	122
U.S. government and agency securities	71	—	(1)	70
Mortgage-backed and asset-backed securities	99	—	(7)	92
Total available-for-sale securities	$ 3,291	$ —	$ (45)	$ 3,246

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	$ 528	$ —	$ —	$ 528
Corporate notes and bonds	2,418	1	(7)	2,412
Certificates of deposit	28	—	—	28
U.S. government and agency securities	140	—	—	140
Mortgage-backed and asset-backed securities	100	—	(2)	98
Total available-for-sale securities	$ 3,214	$ 1	$ (9)	$ 3,206

As of March 31, 2022, the contractual maturities of our available-for-sale debt securities, excluding those securities classified within cash and cash equivalents on the condensed consolidated balance sheet and mortgage-backed and asset-backed securities that do not have a single maturity, did not exceed 36 months. The fair values of available-for-sale securities, by remaining contractual maturity, are as follows (in millions):

	March 31, 2022
Due within 1 year	$ 1,762
Due in 1 year through 5 years	1,392
Instruments not due in single maturity	92
Total	$ 3,246

As of March 31, 2022, the fair value of available-for-sale securities in a continuous loss position totaled $3,024 million, the majority of which has been in a continuous unrealized loss position for less than 12 months.

The decline in fair value below amortized cost basis was not considered other than temporary as it is more likely than not we will hold the securities until maturity or a recovery of the cost basis, and credit-related impairment losses were not deemed material as of March 31, 2022.

Non-Marketable Equity Investments

As of March 31, 2022 and December 31, 2021, the total amount of non-marketable equity investments in privately-held companies included in other assets on our condensed consolidated balance sheets was $195 million and $99 million, respectively. Our non-marketable equity investments are accounted for using the measurement alternative which measures the investments at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes resulting from the issuance of similar or identical securities in an orderly transaction by the same issuer. Determining whether an observed transaction is similar to a security within our portfolio requires judgment based on the rights and preferences of the securities. Recording upward and downward adjustments to the carrying value of our equity securities as a result of observable price changes requires quantitative assessments of the fair value of our securities using various valuation methodologies and involves the use of estimates. We classify these fair value measurements as Level 3 within the fair value hierarchy.

On December 31, 2021, we agreed to purchase $100 million of common and preferred shares Celonis SE (“Celonis”), a privately held company that develops and sells process mining software, in exchange for cash. The transaction was completed in March 2022.

(4) Fair Value Measurements

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of March 31, 2022 (in millions):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	$ 957	$ —	$ 957
Commercial paper	—	112	112
Corporate notes and bonds	—	7	7
Certificates of deposit	—	4	4
Deposits	236	—	236
Marketable securities:			
Commercial paper	—	573	573
Corporate notes and bonds	—	2,389	2,389
Certificates of deposit	—	122	122
Mortgage-backed and asset-backed securities	—	92	92
U.S. government and agency securities	—	70	70
Total	$ 1,193	$ 3,369	$ 4,562

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of December 31, 2021 (in millions):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	$ 706	$ —	$ 706
Commercial paper	—	110	110
Corporate notes and bonds	—	28	28
Certificates of deposit	—	8	8
Deposits	235	—	235
Marketable securities:			
Commercial paper	—	528	528
Corporate notes and bonds	—	2,412	2,412
Certificates of deposit	—	28	28
Mortgage-backed and asset-backed securities	—	98	98
U.S. government and agency securities	—	140	140
Total	$ 941	$ 3,352	$ 4,293

We determine the fair value of our security holdings based on pricing from our service providers and market prices from industry-standard independent data providers. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) or using unobservable inputs which are supported by little or no market activity (Level 3 inputs). Our non-marketable equity investments are not included in the table above and are discussed in Note 3. See Note 8 for the fair value measurement of our derivative contracts and Note 10 for the fair value measurement of our long-term debt, which are also not included in the table above.

(5) Business Combinations

On June 15, 2021, we acquired LightStep, Inc., a leading observability solution provider, for $512 million in a cash transaction. The purchase price was preliminarily allocated based on the estimated fair value of developed technology intangible asset of $85 million (five-year estimated useful life), customer-related and brand assets of $11 million, net tangible assets of $8 million, deferred tax liabilities of $6 million and goodwill of $413 million, which is not deductible for income tax purposes.

Goodwill is primarily attributed to the value expected from synergies resulting from the business combinations. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions and may be subject to change as additional information is received. The provisional measurements of fair value for income taxes payable and deferred taxes may be subject to change as additional information is received and certain tax returns are finalized. The Company expects to finalize the fair value measurements as soon as practicable, but not later than one year from the acquisition date.

We have included the financial results of business combinations in the consolidated financial statements from the respective dates of acquisition, which were not material. Pro forma revenue and earnings amounts on a combined basis have not been presented as it is impracticable due to the lack of availability of historical financial statements that comply with GAAP.

(6) Intangible Assets

Intangible assets consist of the following (in millions):

	March 31, 2022	December 31, 2021
Developed technology	$ 413	$ 415
Patents	69	69
Other	15	14
Intangible assets, gross	497	498
Less: accumulated amortization	(231)	(211)
Intangible assets, net	$ 266	$ 287

The weighted-average useful life for the acquired developed technology for the three months ended March 31, 2022 and 2021 was approximately five years. Amortization expense for intangible assets for the three months ended March 31, 2022 and 2021 was $20 million and $17 million, respectively.

The following table presents the estimated future amortization expense related to intangible assets held at March 31, 2022 (in millions):

Years Ending December 31,	
Remainder of 2022	$ 60
2023	74
2024	66
2025	45
2026	15
Thereafter	6
Total future amortization expense	$ 266

(7) Property and Equipment

Property and equipment, net consists of the following (in millions):

	March 31, 2022	December 31, 2021
Computer equipment	$ 1,312	$ 1,226
Computer software	75	77
Leasehold and other improvements	200	200
Furniture and fixtures	76	74
Construction in progress	10	14
Property and equipment, gross	1,673	1,591
Less: Accumulated depreciation	(875)	(825)
Property and equipment, net	$ 798	$ 766

Construction in progress consists primarily of leasehold and other improvements and in-process software development costs. Depreciation expense for the three months ended March 31, 2022 and 2021 was $58 million and $71 million, respectively.

(8) Derivative Contracts

As of March 31, 2022 and December 31, 2021, we had foreign currency forward contracts with total notional values of $443 million and $833 million, respectively, which are not designated as hedging instruments. Our foreign currency forward contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates. The fair value of these outstanding derivative contracts was as follows (in millions):

	Condensed Consolidated Balance Sheet Location	March 31, 2022	December 31, 2021
Derivative Assets:			
Foreign currency derivative contracts	Prepaid expenses and other current assets	$ 3	$ 2
Derivative Liabilities:			
Foreign currency derivative contracts	Accrued expenses and other current liabilities	$ 4	$ 3

(9) Deferred Revenue and Performance Obligations

Revenues recognized during the three months ended March 31, 2022 from amounts included in deferred revenue as of December 31, 2021 were $1.4 billion. Revenues recognized during the three months ended March 31, 2021 from amounts included in deferred revenue as of December 31, 2020 were $1.1 billion.

Remaining Performance Obligations

Transaction price allocated to remaining performance obligations ("RPO") 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. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the "right to invoice" practical expedient under relevant accounting guidance.

As of March 31, 2022, the total non-cancelable RPO under our contracts with customers was $11.5 billion and we expect to recognize revenues on approximately 50% of these RPO over the following 12 months. The majority of the remaining non-current performance obligation will be recognized over the next 13 to 36 months.

(10) Debt

The following table summarizes the carrying value of our outstanding debt (in millions, except percentages):

	March 31, 2022		December 31, 2021	
	2030 Notes	2022 Notes	2030 Notes	2022 Notes
Current, net of unamortized debt discount and issuance costs of $0.04 million and $2 million, respectively	$ —	$ 88	$ —	$ 92
Long-term, net of unamortized debt discount and issuance costs of $16 million and $16 million, respectively	1,484	—	1,484	—
Total debt	$ 1,484	$ 88	$ 1,484	$ 92

We consider the fair value of the 2030 Notes and 2022 Notes at March 31, 2022 to be a Level 2 measurement. The estimated fair value of the 2030 Notes and 2022 Notes at March 31, 2022 and December 31, 2021 is based on the closing trading price per $100 of the 2030 Notes and 2022 Notes as follows (in millions):

	March 31, 2022	December 31, 2021
2022 Notes	$ 371	$ 440
2030 Notes	$ 1,276	$ 1,400

2030 Notes

In August 2020, we issued 1.40% fixed rate ten-year notes with an aggregate principal amount of $1.5 billion due on September 1, 2030 (the "2030 Notes"). The 2030 Notes were issued at 99.63% of principal and we incurred approximately $13 million for debt issuance costs. The effective interest rate for the 2030 Notes was 1.53% and included interest payable, amortization of debt issuance cost and amortization of debt discount, as applicable. Interest is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on March 1, 2021, and the entire outstanding principal amount is due at maturity on September 1, 2030. The 2030 Notes are unsecured obligations and the indentures governing the 2030 Notes contain customary events of default and covenants that, among others and subject to exceptions, restrict the Company's ability to incur or guarantee debt secured by liens on specified assets or enter into sale and lease-back transactions with respect to specified properties.

2022 Notes

In May and June 2017, we issued an aggregate of $782.5 million of 0% convertible senior notes (the "2022 Notes"), which are due June 1, 2022 unless earlier converted or repurchased in accordance with their terms. The 2022 Notes do not bear interest, and we cannot redeem the 2022 Notes prior to maturity. The 2022 Notes are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

As described in Note 2, we adopted the new accounting standard for debt with conversion options effective January 1, 2022 using a modified retrospective method, under which financial results reported in prior periods were not adjusted. Prior to the adoption of the new standard, in accounting for the issuance of the 2022 Notes and the related transaction costs, we valued and bifurcated the conversion option from the host debt instrument, referred to as debt discount, and recorded the conversion option of $160 million in equity at issuance. The resulting debt discount and transactions costs allocated to the liability component are amortized to interest expense using the effective interest method over the term of the 2022 Notes.

Upon adoption of the new accounting standard on January 1, 2022, we recombined the liability and equity components of the 2022 Notes, including the related issuance costs, assuming the instrument was accounted for as a single liability from inception to the date of adoption. Issuance costs are presented as a deduction from the outstanding principal balance of the 2022 Notes and amortized to interest expense using the effective interest method over the term of the 2022 Notes. As of March 31, 2022, the effective interest rate for the 2022 Notes was 0.267%.

Upon conversion of the 2022 Notes, we may choose to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock upon settlement. We currently intend to settle the principal amount of the 2022 Notes with cash.

	Convertible Date	Initial Conversion Price per Share	Initial Conversion Rate per $1,000 Par Value	Initial Number of Shares (in millions)
2022 Notes	February 1, 2022	$ 134.75	7.42 shares	6

Conversion of the 2022 Notes prior to the Convertible Date. At any time prior to the close of business on the business day immediately preceding February 1, 2022 ("Convertible Date"), holders of the 2022 Notes may convert their 2022 Notes at their option, only if one of the following conditions are met:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day (in each case, the "Conversion Condition"); or

- during the five-business day period after any five-consecutive trading day period, or the measurement period, in which the trading price per $1,000 principal amount of the 2022 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or

- upon the occurrence of specified corporate events.

For conversion requests received prior to maturity, the difference between the fair value and the amortized book value is recorded as a gain or loss on early note conversion. Subsequent to adoption of the new accounting standard on January 1, 2022, no gain or loss is recorded on early note conversion.

Conversion of the 2022 Notes on or after the Convertible Date. On or after the Convertible Date, a holder may convert all or any portion of its 2022 Notes at any time prior to the close of business on the second scheduled trading day immediately preceding maturity, regardless of the foregoing conditions, and such conversions will settle upon maturity. Upon settlement, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

The conversion price of the 2022 Notes will be subject to adjustment in some events. Holders of the 2022 Notes who convert their 2022 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a corporate event that constitutes a "fundamental change," holders of the 2022 Notes may require us to purchase with cash all or a portion of the 2022 Notes upon the occurrence of a fundamental change, at a purchase price equal to 100% of the principal amount of the 2022 Notes plus any accrued and unpaid special interest, if any.

The Conversion Condition for the 2022 Notes was met for all the quarters ended June 30, 2018 through December 31, 2021, except for the quarter ended December 31, 2018. Therefore, our 2022 Notes were convertible at the holders' option beginning on July 1, 2018 through January 31, 2022, except for the quarter ended March 31, 2019 because the Conversion Condition for the 2022 Notes was not met for the quarter ended December 31, 2018. Any conversion requests received subsequent to January 31, 2022, will be settled on the maturity date, which is June 1, 2022.

During the three months ended March 31, 2022, we paid cash to settle $6 million in principal of the 2022 Notes. As a result of the settlements, we also recorded a net reduction to additional paid-in capital of $21 million offset by $21 million benefit from the 2022 Note Hedge (as defined below).

Repurchase of 2022 Notes

On August 11, 2020, we repurchased $497 million in aggregate principal amount of the 2022 Notes (the "2022 Notes Repurchase") funded in part by the $1.1 billion proceeds received from the partial unwind of the 2022 Note Hedge (as defined below). The 2022 Notes Repurchase was accounted for as a debt extinguishment in which $493 million and $1.1 billion were allocated to the liability and equity components of the 2022 Notes, respectively. The cash consideration allocated to the liability component was based on the estimated fair value of the liability component utilizing a discount rate assuming a similar liability per the Company's credit rating with the same maturity, but without the conversion option, as of the repurchase date. The cash consideration allocated to the equity component was based on the aggregate cash consideration less the estimated fair value of the liability component. The loss on extinguishment of $39 million recorded as other income (expense), net, represents the difference between the allocated cash consideration and the carrying value of the liability component, which includes the proportionate amounts of unamortized debt discount and unamortized debt issuance costs in the amount of $43 million.

Note Hedge

To minimize the impact of potential economic dilution upon conversion of the 2022 Notes, we entered into convertible note hedge transactions (the "2022 Note Hedge") with certain investment banks, with respect to our common stock concurrently with the issuance of the 2022 Notes.

	Purchase	Initial Shares	Shares as of March 31, 2022
		(in millions)	
2022 Note Hedge	$ 128	6	1

The 2022 Note Hedge covers shares of our common stock at a strike price per share that corresponds to the initial conversion price of the 2022 Notes, subject to adjustment, and are exercisable upon conversion of the 2022 Notes. If exercised, we may elect to receive cash, shares of our common stock, or a combination of cash and shares. The 2022 Note Hedge will expire upon the maturity of the 2022 Notes. The 2022 Note Hedge is intended to reduce the potential economic dilution upon conversion of the 2022 Notes in the event that the fair value per share of our common stock at the time of exercise is greater than the conversion price of the 2022 Notes. The 2022 Note Hedge is a separate transaction and is not part of the terms of the 2022 Notes. Holders of the 2022 Notes will not have any rights with respect to the 2022 Note Hedge. The 2022 Note Hedge does not impact earnings per share, as it was entered into to offset any dilution from the 2022 Notes.

On August 11, 2020, in connection with the 2022 Notes Repurchase, we entered into partial unwind agreements (the "Note Hedge Unwind") to reduce the number of options corresponding to the principal amount of the 2022 Notes Repurchase. We received $1.1 billion for the Note Hedge Unwind and the aggregate number of shares underlying the call options under the 2022 Note Hedge was reduced by 3.7 million shares. Consistent with early conversions of the 2022 Notes, proceeds received by the Company from the Note Hedge Unwind were used to settle a portion of the 2022 Notes Repurchase.

Warrants

	Proceeds	Initial Shares	Strike Price	First Expiration Date	Shares as of March 31, 2022
	(in millions)	(in millions)			(in millions)
2022 Warrants	$ 54	6	$ 203.40	September 1, 2022	1

Separately, we entered into warrant transactions with certain investment banks, whereby we sold warrants to acquire, subject to adjustment, the number of shares of our common stock shown in the table above (the "2022 Warrants"). If the average market value per share of our common stock for the reporting period, as measured under the 2022 Warrants, exceeds the strike price of the respective 2022 Warrants, such 2022 Warrants would have a dilutive effect on our earnings per share to the extent we report net income. The 2022 Warrants are separate transactions and are not remeasured through earnings each reporting period. The 2022 Warrants are not part of the 2022 Notes or 2022 Note Hedge.

In connection with the 2022 Notes Repurchase and early note conversions, we entered into partial unwind agreements to reduce the number of warrants outstanding under the 2022 Warrants by delivering an aggregate 0.5 million shares of our common stock during the three months ended March 31, 2021.

According to the terms, the remaining portion of the 2022 Warrants will be net share settled and automatically exercised over a 60 trading day period beginning on the first expiration date as set forth above based on the daily volume-weighted average stock prices over the same 60 trading day period.

We expect to issue additional shares of our common stock in the second half of 2022 upon the automatic exercise of the remaining portion of the 2022 Warrants. The remaining portion of the 2022 Warrants could have a dilutive effect to the extent that the daily volume-weighted average stock prices over a 60 trading day period beginning on September 1, 2022 exceeds the strike price of the 2022 Warrants. Based on the volume-weighted average stock price on March 31, 2022, the total number of shares of our common stock to be issued upon the automatic exercise of the remaining portion of the 2022 Warrants would be approximately 0.6 million. The actual number of shares of our common stock issuable upon the automatic exercise of the remaining portion of the 2022 Warrants, if any, is unknown at this time.

(11) Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, consist of the following (in millions):

	March 31, 2022	December 31, 2021
Foreign currency translation adjustment	$ 33	$ 46
Net unrealized losses on investments, net of tax	(49)	(12)
Accumulated other comprehensive income (loss)	$ (16)	$ 34

Reclassification adjustments out of accumulated other comprehensive income (loss) into net income were not material for all periods presented.

(12) Stockholders' Equity

Common Stock

We are authorized to issue a total of 600 million shares of common stock as of March 31, 2022. Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. As of March 31, 2022, we had 200.5 million shares of common stock outstanding and had reserved shares of common stock for future issuance as follows (in thousands):

	March 31, 2022
Stock plans:	
Options outstanding	1,285
RSUs[1]	7,350
Shares of common stock available for future grants:	
2021 Equity Incentive Plan[2]	6,002
Amended and Restated 2012 Employee Stock Purchase Plan[2]	9,179
Total shares of common stock reserved for future issuance	23,816

(1) Represents the number of shares issuable upon settlement of outstanding restricted stock units ("RSUs") and performance-based RSUs ("PRSUs"), as discussed under Note 13.
(2) Refer to Note 13 for a description of these plans.

During the three months ended March 31, 2022 and 2021, we issued a total of 0.8 million shares and 1.1 million shares, respectively, from stock option exercises, vesting of RSUs, net of employee payroll taxes and purchases from the employee stock purchase plan ("ESPP"). In addition, as described in Note 10, during the three months ended March 31, 2021, we issued 0.5 million shares of our common stock upon partial unwind of the 2022 Warrants.

(13) Equity Awards

We currently have three equity incentive plans, our 2005 Stock Option Plan (the "2005 Plan"), 2012 Equity Incentive Plan (the "2012 Plan") and 2021 Equity Incentive Plan (the "2021 Plan"). The 2005 Plan was terminated in connection with our initial public offering in 2012 but continues to govern the terms of outstanding stock options that were granted prior to the termination of the 2005 Plan. We no longer grant equity awards pursuant to the 2005 Plan. The 2012 Plan was terminated in connection with the approval of the 2021 Plan on June 7, 2021 but continues to govern the terms of outstanding equity awards that were granted prior to the termination of the 2012 Plan. As of June 7, 2021, we no longer grant equity awards pursuant to the 2012 Plan.

The 2021 Plan and the 2012 Plan provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, RSUs, performance-based stock awards and other forms of equity compensation (collectively, "equity awards"). In addition, the 2021 Plan and the 2012 Plan provide for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other equity awards may be granted to employees, including officers, as well as directors and consultants. Prior to June 7, 2021, the 2012 Plan share reserve was increased to the extent outstanding stock options under the 2005 Plan expire or terminate unexercised.

Our Amended and Restated 2012 Employee Stock Purchase Plan (the "2012 ESPP") authorizes the issuance of shares of common stock pursuant to purchase rights granted to our employees. The price at which common stock is purchased under the 2012 ESPP is equal to 85% of the fair market value of our common stock on the first or last day of the offering period, whichever is lower. Offering periods are six months long and begin on February 1 and August 1 of each year. Prior to June 7, 2021, the number of shares of common stock reserved for issuance automatically increased on January 1 of each year, by up to 1% of the total number of shares of common stock outstanding on December 31 of the preceding year as determined by our board of directors. Our board of directors elected not to increase the number of shares of common stock reserved for issuance under the 2012 ESPP pursuant to the provision described in the preceding sentence for the year ending December 31, 2022, and for the remaining term of the 2012 ESPP, the share reserve will not be increased without shareholder approval.

Stock Options

Stock options are exercisable at a price equal to the market value of the underlying shares of common stock on the date of the grant as determined by our board of directors or, for those stock options issued subsequent to our initial public offering, the closing price of our common stock as reported on the New York Stock Exchange on the date of grant. Stock options granted under the 2005 Plan and the 2012 Plan to new employees generally vest 25% one year from the date the requisite service period begins and continue to vest monthly for each month of continued employment over the remaining three years. One-time long-term performance-based options granted to the Chief Executive Officer ("2021 CEO Performance Award") and to certain executives (collectively "2021 Performance Awards") in the fourth quarter of 2021 under the 2021 Plan vest in eight equal tranches based on service conditions and achievement of both performance and market conditions. Options granted generally are exercisable for a period of up to ten years contingent on each holder's continuous status as a service provider.

A summary of stock option activity for the three months ended March 31, 2022 was as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in millions)
Outstanding at December 31, 2021	1,305	$ 551.39		
Granted	23	$ 591.66		
Exercised	(41)	$ 24.76		$ 22
Canceled	(2)	$ 84.80		
Outstanding at March 31, 2022	1,285	$ 569.70	8.9	$ 104
Vested and expected to vest as of March 31, 2022	1,036	$ 550.79	8.7	$ 99
Vested and exercisable as of March 31, 2022	150	$ 119.24	4.5	$ 66

Aggregate intrinsic value represents the difference between the estimated fair value of our common stock and the exercise price of outstanding, in-the-money options. The total fair value of stock options vested during the three months ended March 31, 2022 was $3 million.

As of March 31, 2022, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately $129 million. The weighted-average remaining vesting period of unvested stock options at March 31, 2022 was approximately three years.

RSUs

A summary of RSU activity for the three months ended March 31, 2022 was as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value
	(in thousands)		(in millions)
Outstanding at December 31, 2021	5,808	$ 416.00	
Granted	2,612	$ 589.15	
Vested	(859)	$ 339.22	$ 494
Forfeited	(211)	$ 438.39	
Outstanding at March 31, 2022	7,350	$ 486.01	

RSUs outstanding as of March 31, 2022 were comprised of 6.8 million RSUs with only service conditions and 0.5 million RSUs with both service and performance conditions, including certain RSUs with additional market conditions.

PRSUs with service, performance and market vesting criteria are considered as eligible to vest when approved by the compensation committee of our board of directors in January of the year following the grant. The ultimate number of shares eligible to vest for PRSUs range from 0% to 200% of the target number of shares depending on achievement relative to the performance metrics and, for certain PRSUs, depend on our total shareholder return relative to that of the S&P 500 index over the applicable measurement period. The eligible shares subject to PRSUs granted during the three months ended March 31, 2022 will vest in February of the following year and semi-annually for the remaining two years contingent on each holder's continuous status as a service provider on the applicable vesting date. The number of PRSUs granted shown in the table above reflects the shares that could be eligible to vest at 100% of target for PRSUs and includes adjustments for over or under achievement for PRSUs granted in the prior year. We recognized $29 million and $24 million of stock-based compensation, net of actual and estimated forfeitures, associated with PRSUs on a graded vesting basis during the three months ended March 31, 2022 and 2021, respectively.

As of March 31, 2022, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs was approximately $2.7 billion and the weighted-average remaining vesting period was approximately three years.

(14) Net Income Per Share

Basic net income per share attributable to common stockholders is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effects of dilutive shares of common stock, which are comprised of outstanding stock options, RSUs, ESPP obligations, the 2022 Notes and the 2022 Warrants. Stock awards with performance or market conditions are included in dilutive shares to the extent all conditions are met. The dilutive potential shares of common stock are computed using the treasury stock method or the as-if converted method, as applicable. The effects of outstanding stock options, RSUs, ESPP obligations, 2022 Notes and 2022 Warrants are excluded from the computation of diluted net income per share in periods in which the effect would be antidilutive.

The following tables present the calculation of basic and diluted net income per share attributable to common stockholders (in thousands, except per share data):

	Three Months Ended March 31,	
	2022	**2021**
Numerator:		
Net income	$ 75,350	$ 82,440
Denominator:		
Weighted-average shares outstanding - basic	200,088	196,624
Weighted-average effect of potentially dilutive securities:		
Common stock options	180	351
RSUs	1,892	3,671
2022 Notes	—	748
2022 Notes settlements	—	50
2022 Warrants	640	618
Partial settlement of 2022 Warrants	—	206
Weighted-average shares outstanding - diluted	202,800	202,268
Net income per share - basic	$ 0.38	$ 0.42
Net income per share - diluted	$ 0.37	$ 0.41

Potentially dilutive securities that are not included in the calculation of diluted net income per share because doing so would be antidilutive are as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Common stock options	1,022	36
RSUs	3,766	1,748
ESPP obligations	159	144
2022 Convertible senior notes	689	—
Total potentially dilutive securities	5,636	1,928

(15) Income Taxes

We compute our provision for income taxes by applying the estimated annual effective tax rate to year-to-date income from recurring operations and adjust the provision for discrete tax items recorded in the period.

Our income tax provision was $10 million for the three months ended March 31, 2022. The income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the United States.

Our income tax provision was $17 million for the three months ended March 31, 2021. The income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the United States.

We are subject to taxation in the United States and foreign jurisdictions. As of March 31, 2022, our tax years 2004 to 2021 remain subject to examination in most jurisdictions.

Due to differing interpretations of tax laws and regulations, tax authorities may dispute our tax filing positions. We periodically evaluate our exposures associated with our tax filing positions and believe that adequate amounts have been reserved for adjustments that may result from tax examinations.

(16) Commitments and Contingencies

Operating Leases

For some of our offices and data centers, we have entered into non-cancelable operating lease agreements with various expiration dates through 2035. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into our determination of lease payments.

Total operating lease costs were $27 million and $22 million, excluding short-term lease costs, variable lease costs and sublease income, each of which were immaterial, for the three months ended March 31, 2022 and 2021, respectively.

For the three months ended March 31, 2022 and 2021, cash paid for amounts included in the measurement of operating lease liabilities was $19 million and $18 million, respectively. Operating lease liabilities arising from obtaining operating right-of-use assets totaled $15 million and $21 million for the three months ended March 31, 2022 and 2021, respectively.

As of March 31, 2022, the weighted-average remaining lease term is approximately nine years, and the weighted-average discount rate is 3%.

Maturities of operating lease liabilities as of March 31, 2022 are presented in the table below (in millions):

Remainder of 2022	$	78
2023		105
2024		88
2025		77
2026		58
Thereafter		327
Total operating lease payments		733
Less: imputed interest		(99)
Present value of operating lease liabilities	$	634

In addition to the amounts above, as of March 31, 2022, we have operating leases, primarily for offices, that have not yet commenced with undiscounted cash flows of $208 million. These operating leases will commence in 2022 with lease terms of 4 years to 13 years.

Other Commitments

Other contractual commitments consist of data center and IT operations and sales and marketing activities. There were no material contractual obligations that were entered into during the three months ended March 31, 2022 that were outside the ordinary course of business.

In addition to the amounts above, the repayment of our 2022 Notes and 2030 Notes with an aggregate principal amount of $88 million and $1.5 billion is due on June 1, 2022 and September 1, 2030, respectively. Refer to Note 10 for further information regarding our Notes.

Further, $35 million of unrecognized tax benefits have been recorded as liabilities as of March 31, 2022.

Legal Proceedings

From time to time, we are party to litigation and other legal proceedings in the ordinary course of business. While the results of any litigation or other legal proceedings are uncertain, management does not believe the ultimate resolution of any pending legal matters is likely to have a material adverse effect on our financial position, results of operations or cash flows, except for those matters for which we have recorded a loss contingency. We accrue for loss contingencies when it is both probable that we will incur the loss and when we can reasonably estimate the amount of the loss or range of loss.

Generally, our subscription agreements require us to defend our customers for third-party intellectual property infringement and other claims. Any adverse determination related to intellectual property claims or other litigation could prevent us from offering our services and adversely affect our financial condition and results of operations.

Indemnification Provisions

Our agreements include provisions indemnifying customers against intellectual property and other third-party claims. In addition, we have entered into indemnification agreements with our directors, executive officers and certain other officers that will require us, among other things, to indemnify them against certain liabilities that may arise as a result of their affiliation with us. We have not incurred any costs as a result of such indemnification obligations and have not recorded any liabilities related to such obligations in the condensed consolidated financial statements.

(17) Information about Geographic Areas and Products

Revenues by geographic area, based on the location of our users, were as follows for the periods presented (in millions):

	Three Months Ended March 31,	
	2022	2021
North America[1]	$ 1,116	$ 883
EMEA[2]	434	343
Asia Pacific and other	172	134
Total revenues	$ 1,722	$ 1,360

Property and equipment, net by geographic area were as follows (in millions):

	March 31, 2022	December 31, 2021
North America[3]	$ 491	$ 484
EMEA[2]	191	176
Asia Pacific and other	116	106
Total property and equipment, net	$ 798	$ 766

(1) Revenues attributed to the United States were 94% of North America revenues for the three months ended March 31, 2022 and 2021, respectively.
(2) Europe, the Middle East and Africa ("EMEA")
(3) Property and equipment, net attributed to the United States were approximately 82% and 84% of property and equipment, net attributable to North America as of March 31, 2022 and December 31, 2021, respectively.

Subscription revenues consist of the following (in millions):

	Three Months Ended March 31,	
	2022	2021
Digital workflow products	$ 1,440	$ 1,131
ITOM products	191	162
Total subscription revenues	$ 1,631	$ 1,293

Our digital workflow products include the Now Platform, IT Service Management, IT Business Management, IT Asset Management, Security Operations, Governance, Risk and Compliance, HR Service Delivery, Safe Workplace Suite of applications, Workplace Service Delivery, Legal Service Delivery, Customer Service Management, Field Service Management, Industry Solutions, App Engine and IntegrationHub, and are generally priced on a per user basis. Our IT Operations Management ("ITOM") products are generally priced on a per node (physical or virtual server) basis and increasingly on a subscription unit basis which allows us to measure customers' management of physical IT resources.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2021 included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), on February 3, 2022. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those identified herein, and those discussed in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on February 3, 2022 and in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Investors and others should note that we announce material financial information to our investors using our investor relations website (https://www.servicenow.com/company/investor-relations.html), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed on our investor relations website.

Our free cash flow measure included in the section entitled "—Key Business Metrics—Free Cash Flow," is not in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). This non-GAAP financial measure is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. This measure may be different from non-GAAP financial measures used by other companies, limiting its usefulness for comparison purposes. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP results, to more fully understand our business.

Overview

ServiceNow was founded on a simple premise: a better technology platform will help work flow better. The company's purpose is to make the world work better for everyone. We help global enterprises across industries, universities and governments to digitize their workflows. The Now Platform enables us to connect systems, silos, departments and processes with digital workflows that are simple and easy to use. We categorize the workflows we provide into four primary areas: Technology (formerly known as Information Technology), Employee, Customer and Creator. The Now Platform is uniquely positioned to enable our customers' digital transformation from non-integrated enterprise technology solutions with manual and disconnected processes and activities, to integrated enterprise technology solutions with automation and connected processes and activities. The transformation to digital operations, enabled by the Now Platform, increases our customers' resiliency and security and delivers great experiences and additional value to their employees and consumers.

In response to the COVID-19 pandemic, we continue to focus on maintaining business continuity, helping our employees, customers and communities, and preparing for the future and the long-term success of our business. We are continuing to monitor the actual and potential effects of the COVID-19 pandemic across our business. The extent and continued impact of the COVID-19 pandemic on our business will depend on certain developments including the duration and spread of the outbreak and new variant strains of the virus; the availability and distribution of effective vaccines; the severity of the economic decline attributable to the pandemic and timing, nature and sustainability of economic recovery; and government responses, including vaccination or testing mandates, all of which are highly uncertain and unpredictable. Starting late 2021, many employees began to return to our offices for at least part of the week. Our return to work approach may vary among geographies depending on appropriate health protocols, and may change at any time depending on the severity of or spikes in COVID-19. The impact, if any, of these and any additional operational changes we may implement is uncertain but changes we have implemented have not affected and are not expected to affect our ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures.

We are closely monitoring the unfolding events of the Russian invasion of Ukraine and its global impacts. While the conflict is still evolving and the outcome remains highly uncertain, we do not believe the Russia-Ukraine conflict will have a material impact on our business and results of operation. However, if the Russia-Ukraine conflict continues or worsens, leading to greater global economic disruptions and uncertainty, our business and results of operations could be materially impacted. Our customers in Russia represented an immaterial portion of our net assets and total consolidated revenue both as of and for the three months ended March 31, 2022 and December 31, 2021.

See the section "Risk Factors" in Part 1, Item 1A of our Annual Report on Form 10-K filed with the SEC on February 3, 2022 and in Part II, Item 1A of this Quarterly Report on Form 10-Q for further discussion of the possible impact of the COVID-19 pandemic and Russia-Ukraine conflict on our business, respectively.

Key Business Metrics

Remaining performance obligations. Transaction price allocated to remaining performance obligations ("RPO") represents contracted revenues that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenue in future periods. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the "right to invoice" practical expedient under relevant accounting guidance. Current remaining performance obligations ("cRPO") represents RPO that will be recognized as revenue in the next 12 months.

As of March 31, 2022, our RPO was $11.5 billion, of which 50% represented cRPO. RPO and cRPO increased by 30% and 29%, respectively, compared to March 31, 2021. Factors that may cause our RPO to vary from period to period include the following:

- *Foreign currency exchange rates*. While a majority of our contracts have historically been in U.S. Dollars, an increasing percentage of our contracts in recent periods has been in foreign currencies, particularly the Euro and British Pound Sterling. Fluctuations in foreign currency exchange rates as of the balance sheet date will cause variability in our RPO.

- *Mix of offerings*. In a minority of cases, we allow our customers to host our software by themselves or through a third-party service provider. In self-hosted offerings, we recognize a portion of the revenue upfront upon the delivery of the software and as a result, such revenue is excluded from RPO.

- *Subscription start date*. From time to time, we enter into contracts with a subscription start date in the future and these amounts are included in RPO if such contracts are signed by the balance sheet date.

- *Timing of contract renewals*. While customers typically renew their contracts at the end of the contract term, from time to time, customers may do so either before or after the scheduled expiration date. For example, in cases where we are successful in selling additional products or services to an existing customer, a customer may decide to renew its existing contract early to ensure that all its contracts expire on the same date. In other cases, prolonged negotiations or other factors may result in a contract not being renewed until after it has expired.

- *Contract duration*. While we typically enter into multi-year subscription services, the duration of our contracts varies. Further, we continue to see an increase in the number of 12-month agreements entered into with the U.S. Federal government throughout the year, with the highest number of agreements entered into in the quarter ended September 30 of each year, driven primarily by timing of their annual budget expenditures. We sometimes also enter into contracts with durations that have a 12-month or shorter term to enable such contracts to co-terminate with existing contracts. The contract duration will cause variability in our RPO.

Number of customers with ACV greater than $1 million. We count the total number of customers with annual contract value ("ACV") greater than $1 million as of the end of the period. We had 1,401 and 1,131 customers with ACV greater than $1 million as of March 31, 2022 and 2021, respectively. For purposes of customer count, a customer is defined as an entity that has a unique Dunn & Bradstreet Global Ultimate ("GULT") Data Universal Numbering System ("DUNS") number and an active subscription contract as of the measurement date. The DUNS number is a global standard for business identification and tracking. We make exceptions for holding companies, government entities and other organizations for which the GULT, in our judgment, does not accurately represent the ServiceNow customer. For example, while all U.S. government agencies roll up to "Government of the United States" under the GULT, we count each government agency that we contract with as a separate customer. Our customer count is subject to adjustments for acquisitions, spin-offs and other market activity; accordingly, we restate previously disclosed number of customers with ACV greater than $1 million calculations to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was signed. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than $1 million. We believe information regarding the total number of customers with ACV greater than $1 million provides useful information to investors because it is an indicator of our growing customer base and demonstrates the value customers are receiving from the Now Platform.

Free cash flow. We define free cash flow, a non-GAAP financial measure, as GAAP net cash provided by operating activities reduced by purchases of property and equipment. Purchases of property and equipment are otherwise included in cash used in investing activities under GAAP. We believe information regarding free cash flow 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 may not be comparable to similar measures used by other companies. A calculation of free cash flow is provided below:

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Free cash flow:			
Net cash provided by operating activities	$ 863	$ 727	19 %
Purchases of property and equipment	(93)	(107)	(13 %)
Free cash flow[(1)]	$ 770	$ 620	24 %

(1) Free cash flow for the three months ended March 31, 2021 includes the effect of $7 million relating to the repayments of convertible senior notes attributable to debt discount. Refer to Note 10 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

We have historically seen higher collections in the quarter ended March 31 due to seasonality in timing of entering into customer contracts, which is significantly higher in the quarter ended December 31. Additionally, we have historically seen higher disbursements in the quarters ended March 31 and September 30 due to payouts under our annual commission plans, purchases under our employee stock purchase plan, payouts under our bonus plans and coupon payments related to our 2030 Notes beginning in 2021.

Renewal rate. We calculate our renewal rate by subtracting our attrition rate from 100%. Our attrition rate for a period is equal to the ACV from customers lost during the period, divided by the sum of (i) the total ACV from all customers that renewed during the period, excluding changes in price or users, and (ii) the total ACV from all customers lost during the period. Accordingly, our renewal rate is calculated based on ACV and is not based on the number of customers that have renewed. Further, our renewal rate does not reflect increased or decreased purchases from our customers to the extent such customers are not lost customers or lapsed renewal. A lost customer is a customer that did not renew an expiring contract and that, in our judgment, will not be renewed. Typically, a customer that reduces its subscription upon renewal is not considered a lost customer. However, in instances where the subscription decrease represents the majority of the customer's ACV, we may deem the renewal as a lost customer. For our renewal rate calculation, we define a customer as an entity with a separate production instance of our service and an active subscription contract as of the measurement date, instead of an entity with a unique GULT or DUNS number. We adjust our renewal rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Our renewal rate was 98% and 97% for the three months ended March 31, 2022 and 2021, respectively. As our renewal rate is impacted by the timing of renewals, which could occur in advance of, or subsequent to the original contract end date, period-to-period comparison of renewal rates may not be meaningful.

Components of Results of Operations

Revenues

Subscription revenues. Subscription revenues are primarily comprised of fees that give customers access to the ordered subscription service for both self-hosted offerings and cloud-based subscription offerings, and related standard and enhanced support and updates, if any, to the subscription service during the subscription term. For our cloud-based offerings, we recognize revenue ratably over the subscription term. For self-hosted offerings, a substantial portion of the sales price is recognized upon delivery of the software, which may cause greater variability in our subscription revenues and subscription gross margin. Pricing includes multiple instances, hosting and support services, data backup and disaster recovery services, as well as future updates, when and if available, offered during the subscription term. We typically invoice our customers for subscription fees in annual increments upon execution of the initial contract or subsequent renewal. Our contracts are generally non-cancelable during the subscription term, though a customer can terminate for breach if we materially fail to perform.

Professional services and other revenues. Our arrangements for professional services are primarily on a time-and-materials basis and we generally invoice our customers monthly in arrears for the professional services based on actual hours and expenses incurred. Some of our professional services arrangements are on a fixed fee or subscription basis. Professional services revenues are recognized as services are delivered. Other revenues primarily consist of fees from customer training delivered on-site or through publicly available classes. Typical payment terms require our customers to pay us within 30 days of invoice.

We sell our subscription services primarily through our direct sales organization. We also sell services through managed service providers and resale partners. We also generate revenues from certain professional services and from training of customers and partner personnel, through both our direct team and indirect channel sales. Revenues from our direct sales organization represented 79% and 80% of our total revenues for the three months ended March 31, 2022 and 2021, respectively. For purposes of calculating revenues from our direct sales organization, revenues from systems integrators and managed services providers are included as part of the direct sales organization.

Seasonality. We have historically experienced seasonality in terms of when we enter into customer agreements. We sign a significantly higher percentage of agreements with new customers, as well as expansion with existing customers, in the fourth quarter of each year. The increase in customer agreements for the fourth quarter is primarily a result of both large enterprise account buying patterns typical in the software industry, which are driven primarily by the expiration of annual authorized budgeted expenditures, and the terms of our commission plans, which incentivize our direct sales organization to meet their annual quotas by December 31. Furthermore, we usually sign a significant portion of these agreements during the last month, and often the last two weeks, of each quarter. This seasonality of entering into customer contracts is sometimes not immediately apparent in our revenues, due to the fact that we recognize subscription revenues from our cloud offering contracts over the term of the subscription agreement, which is generally 12 to 36 months, leading to a higher RPO in the fourth quarter and thereafter. Although these seasonal factors are common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Cost of Revenues

Cost of subscription revenues. Cost of subscription revenues consists primarily of expenses related to hosting our services and providing support to our customers. These expenses are comprised of data center capacity costs, which include colocation costs associated with our data centers as well as interconnectivity between data centers, depreciation related to our infrastructure hardware equipment dedicated for customer use, amortization of intangible assets, expenses associated with software, public cloud service costs. IT services and dedicated customer support, personnel-related costs directly associated with data center operations and customer support, including salaries, benefits, bonuses and stock-based compensation and allocated overhead.

Cost of professional services and other revenues. Cost of professional services and other revenues consists primarily of personnel-related costs directly associated with our professional services and training departments, including salaries, benefits, bonuses and stock-based compensation, the costs of contracted third-party partners, travel expenses and allocated overhead.

Professional services are performed directly by our services team, as well as by contracted third-party partners. Fees paid by us to third-party partners are primarily recognized as cost of revenues as the professional services are delivered. Cost of revenues associated with our professional services engagements contracted with third-party partners as a percentage of professional services and other revenues was 11% and 10% for the three months ended March 31, 2022 and 2021, respectively.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses directly associated with our sales and marketing staff, including salaries, benefits and bonuses and stock-based compensation. Sales and marketing expenses also include the amortization of commissions paid to our sales employees, including related payroll taxes and fringe benefits. In addition, sales and marketing expenses include branding expenses, marketing program expenses, which include events such as Knowledge, and costs associated with purchasing advertising and marketing data, software and subscription services dedicated for sales and marketing use and allocated overhead.

Research and Development

Research and development expenses consist primarily of personnel-related expenses directly associated with our research and development staff, including salaries, benefits, bonuses and stock-based compensation and allocated overhead. Research and development expenses also include data center capacity costs, costs associated with outside services contracted for research and development purposes and depreciation of infrastructure hardware equipment that is used solely for research and development purposes.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses for our executive, finance, legal, human resources, facilities and administrative personnel, including salaries, benefits, bonuses and stock-based compensation, external legal, accounting and other professional services fees, other corporate expenses, amortization of intangible assets and allocated overhead.

Provision for Income Taxes

Provision for income taxes consists of federal, state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our U.S. deferred tax assets as of March 31, 2022. We consider all available evidence, both positive and negative, including but not limited to earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets in assessing the extent to which a valuation allowance should be applied against our U.S. and foreign deferred tax assets.

Comparison of the Three Months Ended March 31, 2022 and 2021

Revenues

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Revenues:			
Subscription	$ 1,631	$ 1,293	26 %
Professional services and other	91	67	36 %
Total revenues	$ 1,722	$ 1,360	27 %
Percentage of revenues:			
Subscription	95%	95%	
Professional services and other	5%	5%	
Total	100%	100%	

Subscription revenues increased by $338 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily driven by increased purchases by new and existing customers. Included in subscription revenues is $77 million and $73 million of revenues recognized upfront from the delivery of software associated with self-hosted offerings during the three months ended March 31, 2022 and 2021, respectively.

We expect subscription revenues for the year ending December 31, 2022 to increase in absolute dollars as we continue to add new customers and existing customers increase their usage of our products, but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021.

Our expectations for revenues, cost of revenues and operating expenses for the remainder of 2022 are based on the 31-day average of foreign exchange rates for March 2022.

Subscription revenues consist of the following:

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Digital workflow products	$ 1,440	$ 1,131	27 %
ITOM products	191	162	18 %
Total subscription revenues	$ 1,631	$ 1,293	26 %

Our digital workflow products include the Now Platform, IT Service Management, IT Business Management, IT Asset Management, Security Operations, Governance, Risk and Compliance, HR Service Delivery, Safe Workplace Suite of applications, Workplace Service Delivery, Legal Service Delivery, Customer Service Management, Field Service Management, Industry Solutions, App Engine and IntegrationHub, and are generally priced on a per user basis. Our IT Operations Management ("ITOM") products are generally priced on a per node (physical or virtual server) basis and increasingly on a subscription unit basis which allows us to measure customers' management of physical IT resources.

Professional services and other revenues increased by $24 million during the three months ended March 31, 2022 compared to the three months ended March 31, 2021, due to an increase in services and trainings provided to new and existing customers. We expect professional services and other revenues for the year ending December 31, 2022 to increase in absolute dollars but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021. We are increasingly focused on deploying our internal professional services organization as a strategic resource and relying on our partner ecosystem to contract directly with customers for implementation services delivery.

Cost of Revenues and Gross Profit Percentage

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Cost of revenues:			
Subscription	$ 275	$ 228	21 %
Professional services and other	94	71	32 %
Total cost of revenues	$ 369	$ 299	23 %
Gross profit percentage:			
Subscription	83%	82%	
Professional services and other	(3%)	(6%)	
Total gross profit percentage	79%	78%	
Gross profit	$ 1,353	$ 1,061	

Cost of subscription revenues increased by $47 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to increased headcount and increased costs to support the growth of our subscription offerings including costs to support customers in regulated markets. Personnel-related costs including stock-based compensation and overhead expenses increased by $35 million for the three months ended March 31, 2022, compared to the same period in the prior year. Maintenance costs to support the expansion of our data center capacity, including public cloud service costs, increased by $15 million for the three months ended March 31, 2022, compared to the same period in the prior year. Depreciation expense related to data center hardware and software decreased by $12 million, primarily due to the change in estimated useful life of data center equipment from three years to four years, for the three months ended March 31, 2022, compared to the same period in the prior year.

We expect our cost of subscription revenues for the year ending December 31, 2022 to increase in absolute dollars as we provide subscription services to more customers and increase usage within our customer instances but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021. Our subscription gross profit percentage was 83% for the three months ended March 31, 2022, compared to 82% for the three months ended March 31, 2021. We expect our subscription gross profit percentage to remain relatively flat for the year ending December 31, 2022 compared to the year ended December 31, 2021. We will continue to incur incremental costs to attract customers in regulated markets by adopting public cloud offerings as well as increased support for customers impacted by new and evolving data residency requirements. To the extent future acquisitions are consummated, our cost of subscription revenues may increase due to additional non-cash charges associated with the amortization of intangible assets acquired.

Cost of professional services and other revenues increased by $23 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to increased headcount to support growth resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses.

Our professional services and other gross loss percentage improved to 3% for the three months ended March 31, 2022, from a loss of 6% for the three months ended March 31, 2021, primarily driven by the increased utilization of our internal professional services organization. However, we expect our professional services and other gross loss percentage to worsen for the year ending December 31, 2022 as we expect additional costs to support business growth and increases in travel expenses compared to the year ended December 31, 2021.

Sales and Marketing

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Sales and marketing	$ 673	$ 524	28 %
Percentage of revenues	39%	39%	

Sales and marketing expenses increased by $149 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of $93 million for the three months ended March 31, 2022, compared to the same period in the prior year. Amortization expenses associated with deferred commissions and third-party referral fees increased $18 million for the three months ended March 31, 2022, compared to the same period in the prior year, due to an increase in contracts with new customers, expansion and renewal contracts. Other sales and marketing program expenses, which includes branding, costs associated with purchasing advertising and market data, increased by $38 million during the three months ended March 31, 2022, compared to the same period in the prior year.

We expect sales and marketing expenses for the year ending December 31, 2022 to increase in absolute dollars, but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021, as we continue to see leverage from increased sales productivity and marketing efficiencies offset by growth in our international operations and increases in travel expenses in 2022.

Research and Development

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Research and development	$ 414	$ 314	32 %
Percentage of revenues	24%	23%	

Research and development expenses increased by $100 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of $94 million for the three months ended March 31, 2022, compared to the same period in the prior year.

We expect research and development expenses for the year ending December 31, 2022 to increase in absolute dollars but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021 as we continue to improve the existing functionality of our services, develop new applications to fill market needs and enhance our core platform.

General and Administrative

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
General and administrative	$ 179	$ 126	42 %
Percentage of revenues	10%	9%	

General and administrative expenses (“G&A”) increased by $53 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of $49 million for the three months ended March 31, 2022, compared to the same period in the prior year.

We expect G&A expenses to increase in absolute dollars for the year ending December 31, 2022 but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2021, as we continue to see leverage from continued G&A productivity, offset by higher stock-based compensation related to one-time long-term performance-based options granted to the Chief Executive Officer (“2021 CEO Performance Award") and to certain executives (collectively “2021 Performance Awards”) in the three months ended December 31, 2021, increased investment in cyber security and our Environmental, Social and Governance efforts.

Stock-based Compensation

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Cost of revenues:			
Subscription	$ 36	$ 29	24 %
Professional services and other	16	13	23 %
Operating expenses:			
Sales and marketing	105	93	13 %
Research and development	115	88	31 %
General and administrative	53	33	61 %
Total stock-based compensation	$ 325	$ 256	27 %
Percentage of revenues	19%	19%	

Stock-based compensation increased by $69 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to additional grants to current and new employees.

Stock-based compensation is inherently difficult to forecast due to fluctuations in our stock price. Based upon our stock price as of March 31, 2022, we expect stock-based compensation to continue to increase in absolute dollars for the year ending December 31, 2022 as we continue to issue stock-based awards to our employees, but remain relatively flat as a percentage of revenues compared to the year ended December 31, 2021. We expect stock-based compensation as a percentage of revenue to decline over time as we continue to grow.

Foreign Currency Exchange

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 35% of total revenues for each of the three months ended March 31, 2022 and 2021.

Because we primarily transact in foreign currencies for sales outside of the United States, the general strengthening of the U.S. Dollar relative to other major foreign currencies (primarily the Euro and British Pound Sterling) had an unfavorable impact on our revenues for the three months ended March 31, 2022. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three months ended March 31, 2022 at the exchange rates in effect for the three months ended March 31, 2021 rather than the actual exchange rates in effect during the period, our reported subscription revenues would have been $35 million higher. The impact from the foreign currency movements from the three months ended March 31, 2021 to the three months ended March 31, 2022 was not material for professional services and other revenues.

In addition, because we primarily transact in foreign currencies for cost of revenues and operating expenses outside of the United States, the general strengthening of the U.S. Dollar relative to other major foreign currencies had a favorable impact on our cost of revenues and sales and marketing expenses for the three months ended March 31, 2022. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three months ended March 31, 2022 at the exchange rates in effect for the three months ended March 31, 2021 rather than the actual exchange rates in effect during the period, our reported cost of revenues and sales and marketing expenses would have been $6 million and $9 million higher, respectively. The impact from the foreign currency movements from the three months ended March 31, 2021 to the three months ended March 31, 2022 was not material to research and development and general and administrative expenses.

Interest Expense

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Interest expense	$ (6)	$ (7)	(14 %)
Percentage of revenues	— %	(1%)	

Interest expense decreased for the three months ended March 31, 2022 compared to the same period in the prior year, due to a decrease in amortization expense of the debt discount and issuance costs as a result of lower outstanding principal balance of the 2022 Notes and due to the adoption of the new accounting standard for debt with conversion options. For the year ending December 31, 2022, we expect to incur approximately $17 million related to the 2030 Notes.

Other Income, net

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Interest income	$ 6	$ 6	— %
Other	(2)	3	(167 %)
Other income, net	$ 4	$ 9	(56 %)
Percentage of revenues	—%	1%	

Other income, net decreased by $5 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily driven by unrealized losses on non-marketable equity investments offset by foreign currency exchange gain.

To mitigate our risks associated with fluctuations in foreign currency exchange rates, we enter into foreign currency derivative contracts with maturities of 12 months or less to hedge a portion of our net outstanding monetary assets and liabilities. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements.

Provision for Income Taxes

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in millions)		
Income before income taxes	$ 85	$ 99	(14 %)
Provision for income taxes	$ 10	$ 17	(41 %)
Effective tax rate	12%	17%	

Our income tax provision was $10 million for the three months ended March 31, 2022. The income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the United States.

Our income tax provision was $17 million for the three months ended March 31, 2021. The income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the United States.

We continue to maintain a full valuation allowance on our U.S. federal and state deferred tax assets and the significant components of the tax expense recorded are current cash taxes payable in various jurisdictions. The cash tax expenses are impacted by each jurisdiction's individual tax rates, laws on timing of recognition of income and deductions, and availability of net operating losses and tax credits. Given the full valuation allowance on our U.S. federal and state deferred tax assets, sensitivity of current cash taxes to local rules and our foreign structuring, we expect that our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates. To the extent sufficient positive evidence becomes available, we may release all or a portion of our valuation allowance in one or more future periods. A release of the valuation allowance, if any, would result in the recognition of certain deferred tax assets and a material income tax benefit for the period in which such release is recorded.

Liquidity and Capital Resources

We generate cash inflows from operations primarily from selling subscription services which are generally paid in advance of provisioning services, and cash outflows to develop new services and core technologies that further enhance the Now Platform, engage our customer and enhance their experience, and enable and transform our business operations. Subscription services arrangements typically have a three-year duration, and we have experienced a renewal rate of 98% over the last three years. Cash outflows from operations are principally comprised of the salaries, bonuses, commissions, and benefits for our workforce; licenses and services arrangements that are integral to our business operations and data centers; and operating lease arrangements that underlie our facilities. We have generated positive operating cash flows over the last ten years as we continue to grow our business in pursuit of our business strategy, and we expect to grow our business and generate positive cash flows from operations during 2022. When assessing sources of liquidity, we also include cash and cash equivalents, short-term investments and long-term investments totaling $5.5 billion as of March 31, 2022.

Our working capital requirements are principally comprised of non-contract workforce salaries, bonuses, commissions, and benefits and, to a lesser extent, cancelable and non-cancelable licenses and services arrangements that are integral to our business operations, and operating lease obligations. In addition, we made the payment for the investment in Celonis SE of $100 million in the first quarter of 2022. Operating lease obligations totaling $733 million are principally associated with leased facilities and have varying maturities with $419 million due over the next five years.

To grow our business, we also invest in capital and other resources to expand our data centers and enable our workforce, and we acquire technology and businesses to supplement our technology portfolio. Our capital expenditures are typically under cancelable arrangements primarily used to support the installed base and growth of our hosted business. We have also issued long-term debt to finance our business. In August 2020, we issued 1.40% fixed rate ten-year notes with an aggregate principal amount of $1.5 billion due on September 1, 2030 (the "2030 Notes"). In May and June 2017, we issued the 2022 Notes with an aggregate principal amount of $782.5 million. The remaining principal amount of the 2022 Notes, totaling $88 million, will be settled in cash during the second quarter of 2022.

Our free cash flows, together with our other sources of liquidity, are available to service our liabilities as well as our cancelable and non-cancelable arrangements. We anticipate cash flows generated from operations, cash, cash equivalents and investments will be sufficient to meet our liquidity needs for at least the next 12 months. As we look beyond the next 12 months, we seek to continue to grow free cash flows necessary to fund our operations and grow our business. If we require additional capital resources, we may seek to finance our operations from the current funds available or additional equity or debt financing.

	Three Months Ended March 31,	
	2022	2021
	(dollars in millions)	
Net cash provided by operating activities	$ 863	$ 727
Net cash used in investing activities	$ (280)	$ (437)
Net cash used in financing activities	$ (51)	$ (124)
Net change in cash, cash equivalents and restricted cash	$ 527	$ 148

Operating Activities

Net cash provided by operating activities was $863 million for the three months ended March 31, 2022 compared to $727 million for the three months ended March 31, 2021. The net increase in operating cash flow was primarily due to higher collections driven by revenue growth.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2022 was $280 million compared to $437 million for the three months ended March 31, 2021. The decrease in cash used in investing activities was primarily due to the $225 million decrease in business combinations and $27 million decrease in net purchases of investments partially offset by $101 million increase in non-marketable investments mainly in Celonis SE.

Financing Activities

Net cash used in financing activities was $51 million for the three months ended March 31, 2022 compared to $124 million for the three months ended March 31, 2021. The decrease in cash used in financing activities is primarily due to $41 million decrease in taxes paid related to net share settlement of equity awards, $22 million decrease in repayments of convertible senior notes attributable to principal and a $10 million increase in proceeds from employee stock plans.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 3, 2022.

New Accounting Pronouncements Pending Adoption

The impact of recently issued accounting standards is set forth in Note 2, Summary of Significant Accounting Policies, of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk compared to the disclosures in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 3, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Regulations under the Exchange Act require public companies, including our company, to maintain "disclosure controls and procedures," which are defined in Rule 13a-15(e) and Rule 15d-15(e) to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required or necessary disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer have concluded, based on the evaluation of the effectiveness of the disclosure controls and procedures by our management as of March 31, 2022, that our disclosure controls and procedures were effective at the reasonable assurance level for this purpose.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2022 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are party to litigation and other legal proceedings in the ordinary course of business. While the results of any litigation or other legal proceedings are uncertain, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks and uncertainties described under the section "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on February 3, 2022 and below and all of the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes, before making an investment decision. The section "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on February 3, 2022 identifies risks and uncertainties, though they are not the only ones we face, that could materially and adversely affect our business, financial condition or results of operations. Our business could be harmed by any of these risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial. Our stock price could decline due to any of these risks.

Risks Related to Our Ability to Grow Our Business

If we fail to comply with applicable anti-corruption and anti-bribery laws, export control laws, trade sanction laws, or other global trade laws, we could be subject to penalties and civil and/or criminal sanctions and our business could be materially adversely affected.

As we continue to expand our business internationally, we will inevitably do more business with large enterprises and the public sector in countries that are perceived to have heightened levels of public sector corruption. Increased business in countries perceived to have heightened levels of corruption subjects us and our officers and directors to increased scrutiny and increased liability from our business operations. We have implemented and continue to update our compliance program but there is a risk that our employees, partners and agents, as well as those companies to which we outsource certain of our business operations, could take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. In addition, we are subject to global trade laws that apply to our worldwide operations, including restrictions on conducting business in certain restricted countries or with certain entities or individuals. For example, the U.S. and other countries have imposed economic and trade sanctions and export control restrictions against Russia and Belarus following the Russian invasion of Ukraine. Similarly, Russia has imposed counter sanctions that could jeopardize business in that region. While we had very little business in Russia, the restrictions and conflict have required us to reevaluate certain business opportunities and enforce compliance measures against certain existing customers and users. The full extent of the impact of Russia's invasion remains uncertain, but it may affect the purchasing decisions and digital transformation initiatives of some customers and potential customers. If the Russia-Ukraine conflict continues, the U.S., the European Union, the United Kingdom, and other jurisdictions could impose wider economic and trade sanctions as well as export restrictions, which could impact our business opportunities. Any violation of the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the UK Bribery Act, other applicable anti-corruption and anti-bribery laws, or applicable export control or trade sanctions laws by our employees or third-party intermediaries could result in regulatory investigations and whistleblower complaints, which could subject us to significant risks such as adverse media coverage and/or severe criminal or civil sanctions, which could materially adversely affect our reputation, business, operating results, and prospects.

Risks Related to the Operation of Our Business

If we or our third-party service providers experience an actual or perceived cyber-security event, our platform may be perceived as not being secure and we may lose customers and incur significant liabilities, any of which would harm our business and operating results.

Our operations involve the storage, transmission and processing of our customers' confidential, proprietary and sensitive data, which may include personally identifiable information, protected health information, financial information and, in some cases, government information. While we have security measures and a data governance framework in place designed to protect customer information and prevent data loss, these measures may contain legacy code vulnerabilities, have limited implementation or be breached because of employee error or intentional action or third-party actions, including unintentional

events or deliberate attacks by cyber criminals or foreign state actors, and result in someone obtaining unauthorized access to our instances and ultimately our customers' data or our data, intellectual property and other confidential business information. For example, third parties have attempted to fraudulently induce employees, contractors, or users to disclose information or to gain access to our data or our customers' data, and we have been the target of email scams that attempt to acquire personal information or company assets. Further, we have experienced increased cyberattacks and security challenges as the growing number of employees, vendors and other third parties that remotely access our systems increases our attack surface. We have also seen an increase in cyberattack volume, frequency, and sophistication driven by the global enablement of remote workforces.

Computer malware, ransomware, viruses, hacking, phishing and denial of service attacks by third parties have become more prevalent in our industry, and they, or attempts, have occurred on our and our third-party service providers' systems in the past and may occur again on these systems in the future. The frequency and sophistication of these malicious attacks have increased, and it appears that cyber crimes and cyber criminal networks, some of which may be state-supported, have been provided substantial resources and may target U.S. enterprises or our customers and their use of our products. In addition, we have established extensive development and testing environments for our engineers developing new products and features. Security protocols in those environments have necessarily been less rigorous than in environments housing customer data, but a vulnerability or security defect developed in that environment could become incorporated in code imported to our environments housing customer data. Similarly, in the unique circumstances where customer data may be utilized in developer environments for testing or learning, that data may be at greater risk. Because techniques used to sabotage, obtain unauthorized access to systems or prohibit authorized access to systems change frequently and generally may not be detected until successfully launched against a target, we have been and may continue to be unable to anticipate these techniques or to implement adequate preventative measures. This has included and may continue to include underlying infiltration of pre-existing systems, including those of our third-party service providers or customers, perpetrated by more sophisticated or state-supported attackers, including foreign cybersecurity attacks on U.S. technology companies identified in late 2020 and retaliatory cybersecurity attacks stemming from the Russian invasion of Ukraine. It may also include exploitation of vulnerabilities in third party or open source software code that may be incorporated into our own or our customers' systems, such as the vulnerability in the Java logging library known as "log4j" identified in late 2021 that affected many in our industry. The occurrence of these and other more sophisticated or state-supported attack campaigns may increase as geopolitical tensions and intermittent warfare continue or escalate outside of the U.S. For example, due to the Russia-Ukraine conflict, we and our customers, third-party vendors and service providers are subject to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches from state-supported actors, including attacks that could materially disrupt our systems and operations, supply chain, and ability to make available or sell our products and services. We devote significant financial and personnel resources to implement and maintain security measures while meeting customer expectations as to the performance of our systems; however, as cyber-security threats develop and grow more complex and sophisticated over time, such as in connection with geopolitical warfare, we will continue to make significant further investments to protect data and infrastructure, but a residual risk may remain despite our preventative efforts. A security breach suffered by us or our third-party service providers, an attack against our service availability or unauthorized access or loss of data could result in a disruption to our service, litigation, service level agreement claims, indemnification and other contractual obligations, regulatory investigations, government fines and penalties, reputational damage, loss of sales and customers, mitigation and remediation expenses and other significant costs and liabilities. In addition, we may incur significant costs and operational consequences of paying to access data, investigating, remediating, complying with notice obligations and implementing additional measures designed to prevent actual or perceived security incidents. We also cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or in sufficient amounts to cover the potentially significant losses that may result from a security incident or breach or the insurer will not deny coverage as to any future claim.

Further, in most instances, our customers administer access to the data held in their particular instance for their employees and service providers. While we offer tools and support, customers are not required to utilize them and may suffer a cyber-security event on their own systems, unrelated to our own, and allow a malicious actor to obtain access to the customer's information held on our platform. Even if such a breach is unrelated to our security programs or practices, such breach could result in our incurring significant economic and operational costs in investigating, remediating, and implementing additional measures to further protect our customers from their own vulnerabilities, and could result in reputational harm to us.

Digital supply chain attacks have increased in frequency and severity. We cannot guarantee that third parties and our supply chain infrastructure have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our platform, systems and network or the systems and networks of third parties that support us and our business. Third parties may also exploit vulnerabilities in, or obtain unauthorized access to, platforms, systems, networks, or physical facilities utilized by us or our third-party vendors or service providers. Furthermore, supply chain

disruptions due to the Russian invasion of Ukraine (and resulting legal developments) and any indirect effects may further complicate any existing supply chain constraints.

Risks Related to General Economic Conditions

Global economic conditions may harm our industry, business and results of operations.

We operate globally and as a result, our business, revenues and profitability are impacted by global macroeconomic conditions. The success of our activities is affected by general economic and market conditions, including, among others, inflation, interest rates, tax rates, economic uncertainty, political instability, warfare, changes in laws, trade barriers, and economic and trade sanctions. The U.S. capital markets experienced and continue to experience extreme volatility and disruption following the global outbreak of COVID-19 in 2020 and the Russian invasion of Ukraine in 2022. Furthermore, inflation rates in the U.S. have recently increased to levels not seen in decades. Such economic volatility could adversely affect our business, financial condition, results of operations and cash flows, and future market disruptions could negatively impact us. These unfavorable economic conditions could increase our operating costs and, because our typical contracts with customers lock in our price for a few years, our profitability could be negatively affected. Geopolitical destabilization and warfare have impacted and could continue to impact global currency exchange rates, commodity prices, trade and movement of resources, which may adversely affect the buying power of our customers, our access to and cost of resources from our suppliers, and ability to operate or grow our business. In addition, from time to time, the U.S. and other key international economies have been impacted by geopolitical and economic instability, high levels of credit defaults, international trade disputes, changes in demand for various goods and services, high levels of persistent unemployment, wage and income stagnation, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, inflation, bankruptcies, international trade agreements, export controls, economic and trade sanctions, and overall economic uncertainty. These conditions can arise suddenly and affect the rate of digital transformation spending and could adversely affect our customers' or prospective customers' ability or willingness to purchase our services, delay purchasing decisions, reduce the value or duration of their subscriptions, or affect renewal rates, all of which could harm our operating results. Further, while our ability to do business has not been materially affected, the Russian invasion of Ukraine and the global restrictive measures that have been taken, and could be taken in the future, have created significant global economic uncertainty that could prolong and escalate tensions and expand the geopolitical conflict, which could have a lasting impact on regional and global economies, any of which could harm our business and operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Document	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation of Registrant, as amended	8-K	001-35580	3.1	6/9/2021	
3.2	Restated Bylaws of Registrant	8-K	001-35580	3.2	6/9/2021	
10.1*	Confirmatory Employment Letter Agreement dated January 2, 2018, as amended, by and between the Registrant and Christopher Bedi					X
10.2*	Employment Letter Agreement dated November 6, 2017, as amended, by and between Registrant and Lara Caimi					X
10.3*	Employment Letter Agreement dated April 26, 2022, by and between Registrant and Paul Smith					X
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

* Indicates a management contract, compensatory plan or arrangement.

** The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SERVICENOW, INC.

Date: April 27, 2022

By: /s/ William R. McDermott
William R. McDermott
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 27, 2022

By: /s/ Gina Mastantuono
Gina Mastantuono
Chief Financial Officer
(Principal Financial Officer)

Date: April 27, 2022

By: /s/ Kevin McBride
Kevin McBride
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT 10.1

January 2, 2018

Dear Chris:

This letter agreement (the "***Agreement***") is entered into between you and ServiceNow, Inc. (the "***Company***") and is effective as of the date set forth above (the "***Effective Date***"). The purpose of this Agreement is to confirm the current terms and conditions of your employment with the Company.

1. Position. You will continue to serve as the Company's Chief Information Officer reporting to the Company's Chief Executive Officer (the "***CEO***"). You will have all of the duties, responsibilities and authority commensurate with the position. Your employment with the Company commenced on September 14, 2015 (your "***Start Date***"). Your office will be at the Company's headquarters, currently located in Santa Clara, CA. You will be expected to devote your full working time and attention to the business of the Company.

2. Term. Subject to the terms of this Agreement, this Agreement will remain in effect for a period commencing on the Start Date and continuing until termination of your employment as set forth herein (the "***Employment Term***").

3. Cash Compensation.

    a. Base Salary. Your current annual base salary (the "***Base Salary***") as of the Effective Date will be Three Hundred Twenty-Five Thousand Dollars ($325,000), less required deductions and withholdings, payable in accordance with the Company's normal payroll practices. Your Base Salary will be subject to adjustment by the Leadership Development and Compensation Committee of the Company's Board of Directors (the "***Compensation Committee***"). Your Base Salary will be pro-rated for any partial years of employment during your Employment Term.

    b. Target Bonus. During the Employment Term, you will be eligible to participate in our executive corporate bonus program. Your current annual bonus target is forty- six percent (46%) of your Base Salary, which equals One Hundred Fifty Thousand ($150,000) for the applicable fiscal year (your "***Target Bonus***"). Whether you receive the Target Bonus, and the amount of any actual bonus amount awarded (your "***Actual Bonus***"), will be determined by the Compensation Committee in its sole discretion based in all cases upon the achievement of both Company and individual performance objectives as established by the Compensation Committee. To earn any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided herein. Your bonus participation will be subject to all the terms, conditions and restrictions of the applicable Company bonus plan, as amended from time to time. The Actual Bonus shall be subject to required deductions and withholdings.

4. Benefits, Vacation & Expenses.

    a. You will be entitled to participate in all employee retirement, welfare, insurance, benefit and vacation programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives, pursuant to the governing plan documents.

    b. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

5. Equity Awards.

    a. Prior Equity Awards. The Company has previously granted you equity awards under the Company's 2012 Equity Incentive Plan (the "***Equity Plan***"). Such awards will continue to be subject to their existing terms and any additional terms set forth in this Agreement.

b. Future Equity. You may be eligible for future equity grants as determined by and pursuant to the terms established by the Compensation Committee. The amount and performance metrics for subsequent performance-based restricted stock units will be determined by the Compensation Committee.

6. Definitions. As used in this Agreement, the following terms have the following meanings.

a. Cause. For purposes of this Agreement, "***Cause***" for the Company to terminate your employment hereunder shall mean the occurrence of any of the following events, as determined by the Company in its sole and absolute discretion:

i. your conviction of, or plea of nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude;

ii. your commission of or participation in a fraud or act of dishonesty against the Company that results in (or would reasonably be expected to result in) material harm to the business of the Company;

iii. your intentional, material violation of any contract or agreement between you and the Company or any statutory duty you owe to the Company or the improper disclosure of confidential information (as defined in the Company's standard confidentiality agreement);

iv. your conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or would reasonably be expected to result in) material harm to the business of the Company;

v. your material failure to perform the duties of your position as Chief Information Officer;

vi. your material failure to follow the Company's material policies; or

vii. your failure to cooperate with the Company in any investigation or formal proceeding;

provided, however, that the action or conduct described in clauses (iii), (iv), (v), (vi) and (vii) above will constitute "Cause" only if such action or conduct continues after the Company has provided you with written notice thereof and thirty (30) days to cure the same if such action or conduct is curable.

b. Change in Control. For purposes of this Agreement, "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):

i. the acquisition by a third party of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

ii. a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

iii. the dissolution or liquidation of the Company; or

iv. the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any of the foregoing, any transaction or transactions effected solely for purposes of changing the Company's domicile will not constitute a Change in Control pursuant to the foregoing definition.

c. COBRA. For purposes of this Agreement, "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

d. Code. For purposes of this Agreement, "***Code***" means the Internal Revenue Code of 1986, as amended.

e. Disability. For purposes of this Agreement, "***Disability***" shall have that meaning set forth in Section 22(e)(3) of the Code.

f. Good Reason. For purposes of this Agreement, "***Good Reason***" for you to terminate your employment hereunder shall mean the occurrence of any of the following events without your consent:

i. any material diminution in your authority, duties or responsibilities as in effect immediately prior to such reduction or a material diminution in the authority, duties or responsibilities of the person or persons to whom you are required to report;

ii. a material reduction by the Company in your annual Base Salary or Target Bonus, as initially set forth herein or as increased thereafter; *provided*, *however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual Base Salary or Target Bonus that is pursuant to a salary or bonus reduction program affecting substantially all of the employees of the Company or substantially all similarly situated executive employees and that does not adversely affect you to a greater extent than other similarly situated employees;

iii. a relocation of your business office to a location that would increase your one-way commute distance by more than thirty-five (35) miles from the current location at which you performed your duties immediately prior to the relocation, except for required travel by you on the Company's business to an extent substantially consistent with your business travel obligations prior to the relocation; or

iv. failure of a successor entity to assume this Agreement;

provided, however, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to resign for Good Reason within ninety (90) days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "***Cure Period***"); and (3) you voluntarily resign your employment within one hundred twenty (120) days following the end of the Cure Period.

7. Effect of Termination of Employment.

a. Termination by the Company for Cause, Death or Disability or Resignation without Good Reason. In the event your employment is terminated by the Company for Cause, your employment terminates due to your death or Disability (which termination may be implemented by written notice by the Company if you have a Disability), or you resign your employment other than for Good Reason, you will be paid only: (i) any earned but unpaid Base Salary; (ii) except in the case of termination for Cause or resignation without Good Reason, the amount of any Actual Bonus earned and payable from a prior bonus period which remains unpaid by the Company as of the date of the termination of employment determined in good faith in accordance with customary practice, to be paid at the same time as bonuses are paid for that period to other eligible executives; (iii) other

unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate, unless otherwise specifically provided in this Agreement; and (iv) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "***Accrued Compensation***").

b. Termination without Cause or Resignation for Good Reason, Absent a Change in Control. During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date, if the Company terminates your employment without Cause or you resign your employment for Good Reason, in either case not in connection with a Change in Control (which is dealt with in Section 7(c) below), provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed general release of claims in favor of the Company on the Company's standard form of release (the "***Release***") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, you shall be entitled to:

    i. the Accrued Compensation; and

    ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

    iii. a lump sum payment equal to fifty percent (50%) of your Actual Bonus for the then-current fiscal year based on: (x) actual achievement of Company performance objectives and (y) deemed 100% achievement of personal performance objectives, if any, less any quarterly payment previously paid, if any, subject to required deductions and withholdings and paid when annual bonuses are otherwise paid to active employees, but no later than March 15th of the year following the year in which the termination of employment occurs; and

    iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months.

Notwithstanding the foregoing, nothing in this Section 7 shall reduce your obligations under Section 3(b) of this Agreement.

c. Termination without Cause or Resignation for Good Reason, in Connection with a Change in Control. During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date, in the event a Change in Control occurs and if the Company terminates your employment without Cause or if you resign your employment for Good Reason, in either case within the period beginning three (3) months before, and ending twelve (12) months following, such Change in Control; and provided that (except with respect to the Accrued Compensation) you deliver to the Company the signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, (in lieu of any benefits pursuant to Section 7(b)), you shall be entitled to:

    i. the Accrued Compensation;

    ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

iii. a lump sum payment equal to fifty percent (50%) of your Target Bonus for the then-current fiscal year less any quarterly payment previously paid, if any, subject to required deductions and withholdings;

iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months; and

v. immediate acceleration of one hundred percent (100%) of the number of then-unvested shares subject to equity grants, unless otherwise provided (and to the extent specified) by the terms of such grants.

Notwithstanding the foregoing, nothing in this Section 7 shall reduce your obligations under Section 3(b) of this Agreement.

d. Miscellaneous. For the avoidance of doubt, the benefits payable pursuant to Sections 7(b) through (c) are mutually exclusive and not cumulative. All lump sum payments provided in this Section 7 shall be made no later than the 60th day following your termination of employment (unless explicitly provided otherwise above). In addition, Sections 7(b) and 7(c) and the benefits conferred therein shall expire and terminate on the third (3rd) anniversary of the Effective Date. Notwithstanding anything to the contrary in this Agreement, (i) any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed, and (ii) no payment will be made or become due to you during any period that you continue in a role with the Company that does not constitute a separation from service, and will be paid once you experience a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, notwithstanding anything to the contrary in this Agreement, upon a termination of your employment, you agree to resign prior to the time you deliver the Release from all positions you may hold with the Company and any of its subsidiaries or affiliated entities at such time, and no payment will be made or become due to you until you resign from all such positions, unless requested otherwise by the Board.

8. Parachute Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then, at your discretion, your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G- Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this Section shall be made in writing by the Company's independent public accountants (the "***Accountants***"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Accountants shall deliver to the Company and you

sufficient documentation for you to rely on it for purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

9. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

   Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in- kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

   To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A- 2(b)(2) of the regulations under Section 409A.

10. At Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company continues to be "at will," meaning that either you or the Company may terminate your employment at any time, with or without cause, and with or without advance notice. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

11. Confidential Information and Other Company Policies. You will continue to be bound by and comply fully with your existing At Will Employment, Confidential Information and Invention Assignment Agreement (the "***CIIA*** ") and Arbitration Agreement (the "***Arbitration Agreement***") as well as the insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement, unless you consent to the same at the time of such amendment.

12. Company Records and Confidential Information.

a. Records. All records, files, documents and the like, or abstracts, summaries or copies thereof, relating to the business of the Company or the business of any subsidiary or affiliated companies, which the Company or you prepare or use or come into contact with, will remain the sole property of the Company or the affiliated or subsidiary company, as the case may be, and will be promptly returned upon termination of employment.

b. Confidentiality. You acknowledge that you have acquired and will acquire knowledge regarding confidential, proprietary and/or trade secret information in the course of performing your responsibilities for the Company, and you further acknowledge that such knowledge and information is the sole and exclusive property of the Company. You recognize that disclosure of such knowledge and information, or use of such knowledge and information, to or by a competitor could cause serious and irreparable harm to the Company.

13. Indemnification. You and the Company will enter into the form of indemnification agreement provided to other similarly situated officers of the Company.

14. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to the Company's current compensation recoupment policy, and any additional compensation recoupment policy or amendments to the current policy adopted by the Board from time to time hereafter, as allowed by applicable law.

15. Miscellaneous.

a. Absence of Conflicts; Competition with Prior Employer. You represent that your performance of your duties under this Agreement will not breach any other agreement as to which you are a party. You agree that you have disclosed to the Company all of your existing employment and/or business relationships, including, but not limited to, any consulting or advising relationships, outside directorships, investments in privately held companies, and any other relationships that may create a conflict of interest. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

b. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

c. Notices. Notices under this Agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to the Company in writing. Notices to the Company will be addressed to the CEO at the Company's corporate headquarters.

d. Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and an officer of the Company duly authorized by its Board or the Compensation Committee. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

e. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

f. Withholding. All sums payable to you hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

g. Entire Agreement. This Agreement, together with the CIIA and Arbitration Agreement, supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and theCompany, including, without limitation, your offer letter with the Company dated July 20, 2015, and constitute the entire agreement between you and the Company concerning the subject matter herein. This Agreement may be amended, or any of its provisions waived, only by a written document executed by both parties in the case of an amendment, or by the party against whom the waiver is asserted.

h. Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

i. Survival. The provisions of this Agreement shall survive the termination of your employment for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[SIGNATURE PAGE TO AGREEMENT FOLLOWS]

Please indicate your acceptance of this Agreement by signing the bottom portion of this Agreement.

Best regards,

/s/ John J. Donahoe
John J. Donahoe
President & Chief Executive Officer ServiceNow, Inc.

I, the undersigned, hereby accept and agree to the terms and conditions of my employment with the Company as set forth in this Agreement.

Accepted and agreed to as of the Effective Date.

By: /s/ Chris Bedi
Chris Bedi

[SIGNATURE PAGE TO AGREEMENT]

Amendment to Employment Agreement

This Amendment No. 1 (this "Amendment") to that certain Employment Agreement by and between ServiceNow, Inc. (the "Company") and Chris Bedi ("Executive"), dated as of January 2, 2018 (as may be amended, supplemented or modified from time to time, the "Employment Agreement"), is made and entered into by and between the Company and Executive, effective as of April 30, 2021. Any capitalized term that is used but not otherwise defined in this Amendment shall have the meaning set forth in the Employment Agreement.

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

1. Section 7(b) of the Employment Agreement is hereby amended by deleting the language "During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date," which appears in the first line thereof.

2. Section 7(c) of the Employment Agreement is hereby amended by deleting the language "During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date," which appears in the first line thereof.

3. Except as expressly set forth in this Amendment, the Employment Agreement shall remain in full force and effect in accordance with its terms.

4. This Amendment may be signed in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date set forth above.

ServiceNow, Inc.

By: /s/ Bill McDermott
Bill McDermott
Chief Executive Officer

Executive

By: /s/ Chris Bedi
Chris Bedi

EXHIBIT 10.2

November 6, 2017

Dear Lara:

On behalf of ServiceNow, Inc. (the "***Company***"), this letter agreement (the "***Agreement***") sets forth the terms and conditions of your appointment as Senior Vice President, Corporate Strategy of the Company. This Agreement amends and restates the letter agreement between the Company and you dated October 23, 2017 (the "***Prior Offer Letter***") in its entirety.

1. Position. Effective on your Start Date (as defined below), you will be appointed as the Company's Senior Vice President, Corporate Strategy ("***Senior Vice President, Corporate Strategy***") reporting to the Company's Chief Executive Officer (the "***CEO***"). You will have all of the duties, responsibilities and authority commensurate with the position. Your employment with the Company will commence as soon as practicable on a date to be determined by you and the CEO, which shall be no later than December 4, 2017 (such start date, your "***Start Date***"). Your office will be at the Company's headquarters, currently located in Santa Clara, CA. You will be expected to devote your full working time and attention to the business of the Company.

2. Term. Subject to the terms of this Agreement, this Agreement will remain in effect for a period commencing on the Start Date and continuing until termination of your employment (the "***Employment Term***").

3. Cash Compensation.

    a. Base Salary. Your initial annual base salary (the "***Base Salary***") will be Three Hundred Seventy-Five Thousand Dollars ($375,000), less required deductions and withholdings, payable in accordance with the Company's normal payroll practices. Thereafter, your annual base salary will be determined by the Leadership Development and Compensation Committee of the Company's Board of Directors (the "***Compensation Committee***"). Your Base Salary will be pro-rated for any partial years of employment during your Employment Term.

    b. Sign-On Bonus Advance. In the first payroll period following your Start Date, you will receive a one-time bonus advance payment of Seven Hundred Fifty Thousand Dollars ($750,000) (the "***Sign-on Bonus***"), subject to clawback or repayment pursuant to Section 6 of this Agreement.

    c. Target Bonus. During the Employment Term, you will be eligible to participate in our executive corporate bonus program. Your initial annual bonus target will be fifty percent (50%) of your Base Salary which equals One Hundred Eighty-Seven Thousand Five Hundred Dollars ($187,500) for the applicable fiscal year (your "***Target Bonus***"), and the actual bonus amount awarded (your "***Actual Bonus***") will be determined based in all cases upon the achievement of Company and individual performance objectives established by the Compensation Committee. To earn any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided herein. Your bonus participation will be subject to all the terms, conditions and restrictions of the applicable Company bonus plan, as amended from time to time. Your Actual Bonus for fiscal year 2017 will be pro-rated based upon the number of days you are employed within each quarter during fiscal year 2017. The Actual Bonus shall be subject to required deductions and withholdings.

4. Benefits, Vacation & Expenses.

    a. You will be entitled to participate in all employee retirement, welfare, insurance, benefit and vacation programs of the Company as are in effect from time to time and in which

other senior executives of the Company are eligible to participate, on the same terms as such other senior executives.

b. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

5. Equity Awards. Subject to this Section 5 and subject to the approval of the Company's Board of Directors (the "***Board***") or the Compensation Committee, you will be granted an equity award on the first regularly scheduled new hire grant date following your Start Date (the "***Grant Date***") as follows:

   a. New-Hire RSU. The Company will grant you a restricted stock unit award to acquire such number of shares of the Company's common stock equal to Six Million Five Hundred Thousand Dollars ($6,500,000) divided by the average daily closing price of the Company's common stock on the New York Stock Exchange for the ten (10) trading days ending on the day immediately prior to the Grant Date, rounded up to the nearest whole share (the "***New- Hire RSU***") under the Company's 2012 Equity Incentive Plan (the "***Equity Plan***"). The New-Hire RSU will vest as follows: 25% of the shares subject to the New-Hire RSU shall vest and settle on November 17, 2018, and the remaining shares will vest and settle in equal quarterly installments thereafter over the next twelve (12) quarters; provided that, subject to Section 8 below, vesting will be contingent on your continued employment with the Company on the applicable time-based vesting dates, and will be subject to the terms and conditions of Equity Plan and the Company's standard form of restricted stock unit award agreement as approved by the Compensation Committee for use under the Equity Plan (the "***Standard RSU Agreement***"), and this Agreement.

   b. Future Equity. You may be eligible for future equity grants as determined by and pursuant to the terms established by the Compensation Committee. The amount and performance metrics for subsequent performance-based restricted stock units will be determined by the Compensation Committee.

6. Clawback.
   a. The Sign-On Bonus shall not be deemed earned until you have completed one (1) year of employment with the Company from the Start Date. Consequently, the Sign-On Bonus shall be subject to clawback or repayment to the Company in full based upon the dollar amount of the Sign-On Bonus if you are terminated by the Company for Cause (as defined herein) or you voluntarily resign without Good Reason (as defined herein), in either case before the first (1st) anniversary of the Start Date.

   b. In the event the clawback or repayment is triggered, you agree to repay any and all amounts due within ten (10) calendar days following the termination of your employment and you hereby authorize the Company to withhold such amount from any amounts owed to you by the Company, to the extent legally permitted. You further agree to execute any documents and/or agreements necessary at the time the clawback or repayment is triggered to authorize the Company to withhold such amount from any amounts owed to you by the Company, to the extent legally permitted.

7. Definitions. As used in this Agreement, the following terms have the following meanings.

   a. Cause. For purposes of this Agreement, "***Cause***" for the Company to terminate your employment hereunder shall mean the occurrence of any of the following events, as determined by the Company in its sole and absolute discretion:

      i. your conviction of, or plea of nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude;

      ii. your commission of or participation in a fraud or act of dishonesty against the Company that results in (or would reasonably be expected to result in) material harm to the business of the Company;

iii. your intentional, material violation of any contract or agreement between you and the Company or any statutory duty you owe to the Company or the improper disclosure of confidential information (as defined in the Company's standard confidentiality agreement);

iv. your conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or would reasonably be expected to result in) material harm to the business of the Company;

v. your material failure to perform the duties of your position as Senior Vice President, Corporate Strategy;

vi. your material failure to follow the Company's material policies; or

vii. your failure to cooperate with the Company in any investigation or formal proceeding;

provided, however, that the action or conduct described in clauses (iii), (iv), (v), (vi) and (vii) above will constitute "Cause" only if such action or conduct continues after the Company has provided you with written notice thereof and thirty (30) days to cure the same if such action or conduct is curable.

b. Change in Control. For purposes of this Agreement, "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):

i. the acquisition by a third party of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

ii. a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

iii. the dissolution or liquidation of the Company; or

iv. the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any of the foregoing, any transaction or transactions effected solely for purposes of changing the Company's domicile will not constitute a Change in Control pursuant to the foregoing definition.

c. COBRA. For purposes of this Agreement, "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

d. Code. For purposes of this Agreement, "***Code***" means the Internal Revenue Code of 1986, as amended.

e. Disability. For purposes of this Agreement, "***Disability***" shall have that meaning set forth in Section 22(e)(3) of the Code.

f. Good Reason. For purposes of this Agreement, "***Good Reason***" for you to terminate your employment hereunder shall mean the occurrence of any of the following events without your consent:

i. any material diminution in your authority, duties or responsibilities as in effect immediately prior to such reduction or a material diminution in the authority,

duties or responsibilities of the person or persons to whom you are required to report;

ii. a material reduction by the Company in your annual Base Salary or Target Bonus, as initially set forth herein or as increased thereafter; provided, however, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual Base Salary or Target Bonus that is pursuant to a salary or bonus reduction program affecting substantially all of the employees of the Company or substantially all similarly situated executive employees and that does not adversely affect you to a greater extent than other similarly situated employees;

iii. a relocation of your business office to a location that would increase your one-way commute distance by more than thirty-five (35) miles from the current location at which you performed your duties immediately prior to the relocation, except for required travel by you on the Company's business to an extent substantially consistent with your business travel obligations prior to the relocation; or

iv. failure of a successor entity to assume this Agreement;

provided, however, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to resign for Good Reason within ninety (90) days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "***Cure Period***"); and (3) you voluntarily resign your employment within one hundred twenty (120) days following the end of the Cure Period.

8. Effect of Termination of Employment.

a. Termination for Cause, Death or Disability or Voluntary Resignation without Good Reason. In the event your employment is terminated for Cause, your employment terminates due to your death or Disability (which termination may be implemented by written notice by the Company if you have a Disability), or you voluntarily resign your employment other than for Good Reason, you will be paid only: (i) any earned but unpaid Base Salary; (ii) except in the case of termination for Cause or voluntary resignation without Good Reason, the amount of any Actual Bonus earned and payable from a prior bonus period which remains unpaid by the Company as of the date of the termination of employment determined in good faith in accordance with customary practice, to be paid at the same time as bonuses are paid for that period to other eligible executives; (iii) other unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate, unless otherwise specifically provided in this Agreement and (iv) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "***Accrued Compensation***").

b. Termination without Cause or Voluntary Resignation for Good Reason, Absent a Change in Control. During the time period from the Start Date through the third (3rd) anniversary of the Start Date, if the Company terminates your employment without Cause or you voluntarily resign your employment for Good Reason, in either case not in connection with a Change in Control (which is dealt with in Section 8(c) below), provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed general release of claims in favor of the Company on the Company's standard form of release (the "***Release***") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, you shall be entitled to:

i. the Accrued Compensation; and

ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

iii. a lump sum payment equal to fifty percent (50%) of your Actual Bonus for the then-current fiscal year based on: (x) actual achievement of Company performance objectives and (y) deemed 100% achievement of personal performance objectives, if any, less any quarterly payment previously paid, if any, subject to required deductions and withholdings and paid when annual bonuses are otherwise paid to active employees, but no later than March 15th of the year following the year in which the termination of employment occurs; and

iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months.

Notwithstanding the foregoing, nothing in this Section 8 shall reduce your obligations under Section 6 of this Agreement.

c. Termination without Cause or Voluntary Resignation for Good Reason, in Connection with a Change in Control. During the time period from the Start Date through the third (3rd) anniversary of the Start Date, in the event a Change in Control occurs and if the Company terminates your employment without Cause or if you voluntarily resign your employment for Good Reason, in either case within the period beginning three (3) months before, and ending twelve (12) months following, such Change in Control; and provided that (except with respect to the Accrued Compensation) you deliver to the Company the signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, (in lieu of any benefits pursuant to Section 8(b)), you shall be entitled to:

i. the Accrued Compensation;

ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

iii. a lump sum payment equal to fifty percent (50%) of your Target Bonus for the then-current fiscal year less any quarterly payment previously paid, if any, subject to required deductions and withholdings;

iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months; and

v. immediate acceleration of one hundred percent (100%) of the number of then-unvested shares subject to equity grants, unless otherwise provided (and to the extent specified) by the terms of such grants.

Notwithstanding the foregoing, nothing in this Section 8 shall reduce your obligations under Section 6 of this Agreement.

d. Miscellaneous. For the avoidance of doubt, the benefits payable pursuant to Sections 8(b) through (c) are mutually exclusive and not cumulative. All lump sum payments provided in this Section 8 shall be made no later than the 60th day following your termination of employment (unless explicitly provided otherwise above). In addition, Sections 8(b) and 8(c) and the benefits conferred therein shall expire and terminate on the third (3rd) anniversary of the Start Date. Notwithstanding anything to the contrary in this Agreement, (i) any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed, and (ii) no payment will be made or become due to you during any period that you continue in a role with the Company that does not constitute a separation from service, and will be paid

once you experience a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, notwithstanding anything to the contrary in this Agreement, upon a termination of your employment, you agree to resign prior to the time you deliver the Release from all positions you may hold with the Company and any of its subsidiaries or affiliated entities at such time, and no payment will be made or become due to you until you resign from all such positions, unless requested otherwise by the Board.

9. Parachute Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then, at your discretion, your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G- Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this Section shall be made in writing by the Company's independent public accountants (the "***Accountants***"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Accountants shall deliver to the Company and you sufficient documentation for you to rely on it for purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

10. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

    Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in- kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A- 2(b)(2) of the regulations under Section 409A.

11. At Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

12. Confidential Information and Other Company Policies. You will be bound by and comply fully with the Company's standard confidentiality agreement (a form of which was been provided to you), insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement, unless you consent to the same at the time of such amendment.

13. Company Records and Confidential Information.

    a. Records. All records, files, documents and the like, or abstracts, summaries or copies thereof, relating to the business of the Company or the business of any subsidiary or affiliated companies, which the Company or you prepare or use or come into contact with, will remain the sole property of the Company or the affiliated or subsidiary company, as the case may be, and will be promptly returned upon termination of employment.

    b. Confidentiality. You acknowledge that you have acquired and will acquire knowledge regarding confidential, proprietary and/or trade secret information in the course of performing your responsibilities for the Company, and you further acknowledge that such knowledge and information is the sole and exclusive property of the Company. You recognize that disclosure of such knowledge and information, or use of such knowledge and information, to or by a competitor could cause serious and irreparable harm to the Company.

14. Indemnification. You and the Company will enter into the form of indemnification agreement provided to other similarly situated officers of the Company.

15. Arbitration. You and the Company agree to submit to mandatory binding arbitration, in Santa Clara County, California, before a single neutral arbitrator, any and all claims arising out of or related to this Agreement and your employment with the Company and the termination thereof, except that each party may, at its or his option, seek injunctive relief in court prior to such arbitration proceeding pursuant to applicable law. YOU AND THE COMPANY HEREBY WAIVE ANY RIGHTS TO TRIAL BY JURY IN REGARD TO SUCH CLAIMS. This agreement to arbitrate does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, you and the Company agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted through the American Arbitration Association (the "***AAA***"). The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration will be conducted in accordance with the AAA employment arbitration rules then in

effect. The AAA rules may be found and reviewed at http://www.adr.org. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The parties acknowledge that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement.

16. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to the Company's current compensation recoupment policy, and any additional compensation recoupment policy or amendments to the current policy adopted by the Board from time to time hereafter.

17. Miscellaneous.

    a. Employment Eligibility Verification. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your Start Date, or our employment relationship with you may be terminated.

    b. Absence of Conflicts; Competition with Prior Employer. You represent that your performance of your duties under this Agreement will not breach any other agreement as to which you are a party. You agree that you have disclosed to the Company all of your existing employment and/or business relationships, including, but not limited to, any consulting or advising relationships, outside directorships, investments in privately held companies, and any other relationships that may create a conflict of interest. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

    c. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

    d. Notices. Notices under this Agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to the Company in writing. Notices to the Company will be addressed to the CEO at the Company's corporate headquarters.

    e. Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and an officer of the Company duly authorized by its Board. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

    f. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

g. Withholding. All sums payable to you hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

h. Entire Agreement. This Agreement represents the entire agreement between the parties concerning the subject matter herein and supersedes all prior agreements and understandings between you and the Company, including, without limitation, the Prior Offer Letter. It may be amended, or any of its provisions waived, only by a written document executed by both parties in the case of an amendment, or by the party against whom the waiver is asserted.

i. Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

j. Survival. The provisions of this Agreement shall survive the termination of your employment for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[SIGNATURE PAGE TO AGREEMENT FOLLOWS]

Please sign and date this Agreement, and return it to me if you wish to accept employment at the Company under the terms described above

Best regards,

/s/ John J. Donahoe

John J. Donahoe
President & Chief Executive Officer ServiceNow, Inc.

I, the undersigned, hereby accept and agree to the terms and conditions of my employment with the Company as set forth in this Agreement.

Accepted and agreed to this November 6, 2017:

By: /s/ Lara Caimi
Lara Caimi

[SIGNATURE PAGE TO AGREEMENT]

Amendment to Employment Agreement

This Amendment No. 1 (this "Amendment") to that certain Employment Agreement by and between ServiceNow, Inc. (the "Company") and Lara Caimi ("Executive"), dated as of November 6, 2017 (as may be amended, supplemented or modified from time to time, the "Employment Agreement"), is made and entered into by and between the Company and Executive, effective as of April 30, 2021. Any capitalized term that is used but not otherwise defined in this Amendment shall have the meaning set forth in the Employment Agreement.

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

1. Section 8(b) of the Employment Agreement is hereby amended by deleting the language "During the time period from the Start Date through the third (3rd) anniversary of the Start Date," which appears in the first line thereof.

2. Section 8(c) of the Employment Agreement is hereby amended by deleting the language "During the time period from the Start Date through the third (3rd) anniversary of the Start Date," which appears in the first line thereof.

3. Except as expressly set forth in this Amendment, the Employment Agreement shall remain in full force and effect in accordance with its terms.

4. This Amendment may be signed in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date set forth above.

ServiceNow, Inc.

By: /s/ Bill McDermott
Bill McDermott
Chief Executive Officer

Executive

By: /s/ Lara Caimi
Lara Caimi

EXHIBIT 10.3

CONTRACT OF EMPLOYMENT

This Agreement ("the **Agreement**") is entered into between you and ServiceNow UK Ltd (the "**Company**") and is effective as of February 1, 2022 (the "**Effective Date**"). This Agreement sets out details of your employment, which the Company is required to give you under Part 1 of the Employment Rights Act 1996.

Parties:

ServiceNow UK Ltd whose registered office is 1 Bridge Street, Staines, TW18 4TW (the "Company"); and

Paul Smith ("**you**")

1 COMMENCEMENT OF EMPLOYMENT

1.1 Your employment with the Company commenced on **July 6, 2020.** This is the date that your period of continuous employment began. Any employment with a previous employer does not count as part of your continuous employment with the Company.

1.2 The Company reserves the right to take up references from the referees named by you in your application for employment or to make other appropriate checks or enquiries. An unsatisfactory reference or check may result in withdrawal of the offer of employment or immediate dismissal.

1.3 By signing below you acknowledge that this Agreement sets out the entire agreement between the parties and supersedes all prior agreements or discussions including any statements, representations, proposals and understandings whether made orally or in writing concerning your terms and conditions of employment and you confirm that you are not relying on any other discussions or prior agreements in accepting employment with the Company.

2 DUTIES

2.1 Effective as of the Effective Date you will serve as ServiceNow, Inc.'s **Chief Commercial Officer** reporting to ServiceNow, Inc.'s **Chief Executive Officer**. You will have all of the duties, responsibilities and authority commensurate with the position. You agree to devote the whole of your time, attention, ability and skills to the duties of your employment.

2.2 You shall faithfully and diligently perform all acts, duties and obligations and comply with such orders as may be required by the Company. The precise description and nature of your job may be varied from time to time and you may be required to carry out other duties as necessary to meet the needs of the Company.

2.3 By accepting employment with the Company you confirm that you are not bound by any restrictions in a previous contract of employment or otherwise which prevent you from performing your duties for the Company.

2.4 The Company may require you to perform duties for any Group Company it being understood that you will not be required to undertake duties which you cannot reasonably perform or which are inconsistent with your position and status.

3 HOURS OF WORK

3.1 Your basic hours of work are 40 hours per week. The core office hours are from 9.00am to 6.00pm, Monday to Friday, including one hour for lunch. However, you will be required to work such additional hours as are necessary for the proper performance of your duties. You acknowledge that you shall not receive further remuneration in respect of such additional hours.

4 PLACE OF WORK

4.1 Your principal place of work is the Company's premises at 1 Bridge Street, Staines, TW18 4TW. However, you may be required to work at other premises of the Company in the United Kingdom as required from time to time. You will be given reasonable notice of any change in your place of work.

4.2 You may also be required to travel to the offices of clients of the Company for the performance of your duties from time to time.

4.3 You may be required to travel throughout the United Kingdom and abroad in the performance of your duties and this may, on occasions, necessitate you working outside the UK for a period of more than one month. During any such period you will be paid your normal salary and benefits in sterling in the normal way unless otherwise agreed.

5 REMUNERATION, EXPENSES AND DEDUCTIONS

5.1 As of the Effective Date, your basic salary is **£465,350** per annum (accruing from day to day), payable by equal monthly instalments in arrears, on or before the last business day of each calendar month (your "**Base Salary**"). Thereafter, Your Base Salary will be determined by and subject to adjustment by the Leadership Development and Compensation Committee of ServiceNow Inc.'s Board of Directors (the "**Compensation Committee**"). Your Base Salary will be prorated for any partial years of employment during your employment.

5.2 Effective as of the Effective Date you will be eligible to participate in our executive corporate bonus program. Your annual bonus target effective as of the Effective Date will be one hundred percent (100%) of your Base Salary, which equals **£465,350** (your "**Target Bonus**"). Whether you receive the Target Bonus, and the amount of any actual bonus amount awarded (your "**Actual Bonus**"), will be determined by the Compensation Committee in its sole discretion based in all cases upon the achievement of both ServiceNow, Inc. and individual performance objectives as established by the Compensation Committee. To earn any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided herein. Your bonus participation will be subject to all the terms, conditions and restrictions of the applicable Company bonus plan, as amended from time to time. The Actual Bonus shall be subject to required deductions and withholdings.

5.3 Effective as of the Effective Date you will no longer be eligible to particate in any Company and/or ServiceNow, Inc. sales compensation plan.

5.4 The Company will reimburse all expenses properly incurred by you in the performance of your duties in accordance with the Company's Global Travel, Expense and Credit Card Policy (as may be amended from time to time), including mileage at the HMRC standard rate per mile from time to time in force.

5.5 It is a serious offence to falsify any documentation or manufacture evidence fraudulently for the purpose of claiming through the expense procedure. Such actions are deemed gross misconduct entitling the Company to dismiss you without notice or payment in lieu of notice.

5.6 You authorise the Company to deduct from your remuneration any sums due from you to the Company during your employment or in any event on its termination including but not limited to any overpayment of salary, holiday taken in excess of that accrued during the holiday year, loans, advances, the cost of repairing any damage or loss to the Company's property caused by you (and of recovering the same) and any other sums owed by you to the Company.

5.7 All amounts payable to you hereunder shall be subject to recoupment pursuant to ServiceNow, Inc.'s current compensation recoupment policy, and any additional compensation recoupment policy or amendments to the current policy adopted by the Board of Directors of ServiceNow, Inc. (the "**Board**") from time to time hereafter, as allowed by applicable law.

6 PROBATIONARY PERIOD

6.1 The first 6 months of your employment commencing on July 6, 2020 was a probationary period, during which your performance and suitability were monitored.

6.2 You have successfully completed your probationary period.

7 HOLIDAYS

7.1 The Company's holiday year runs from 1 January to 31 December. In addition to the bank/public holidays normally observed in England, you are also entitled to 25 days paid holiday in each complete holiday year.

7.2 With effect from your first day of employment and until termination of your employment, you will be treated as having accrued holiday on a pro rata basis for each complete month of service in such calendar year, calculated by reference to the start date of your employment or last date at work (as applicable). For the purposes of calculating holiday entitlement on the termination of your employment, only a maximum of 20 days per annum shall be taken into account, in the current holiday year. If you have exceeded your accrued holiday entitlement, this excess will be deducted from any sums due to you. If you have accrued holidays, at its sole discretion, the Company may either require you to take your outstanding holiday during the notice period or pay you a sum in lieu of the accrued holiday entitlement. Accrued holiday will be calculated at the rate of 1/260 of your annual pay per day.

7.3 You must obtain the Company's prior written approval and submit the required forms for any holiday prior to booking such holiday dates. All time off must be approved in advance by your line manager. The maximum amount of holiday that may be taken at any one time is two weeks.

7.4 Holiday should be taken in the year in which it accrues. A maximum of 5 annual accrued holiday days not taken during the holiday year may be carried forward to the next holiday year, provided they are taken by the 31st March of the following holiday year. Failure to do so will result in forfeiture of any such accrued holiday not taken and no payment in lieu shall be made.

8 SICKNESS AND PAY

8.1 On your first day of sickness or injury absence you are required to telephone your line manager at least 60 minutes before you are due to start work or as soon as practicable. You must inform them of your reason for absence and your expected length of absence. You are required to telephone your line manager on each subsequent day of sickness absence in order to update them as to your expected return to work date.

8.2 On your return to work you will be required to complete and sign a self -certification sickness form with your line manager. If you remain absent from work for a period exceeding seven consecutive days (including weekends) you will be required to supply the Company with a medical certificate.

8.3 The Company reserves the right to require you at any stage of absence to undergo a medical examination by a doctor or consultant nominated by it, in which event the Company will bear the cost.

8.4 A self-certificate will be accepted by the Company for absences of up to five (5) working days. For periods of illness of five (5) working days or more, including weekends, you will be required to obtain a certificate from your physician and promptly provide such certificate to the Company.

8.5 Provided you have acted in accordance with the requirements of this Clause 8 and the Company is satisfied that your absence is due to genuine and/or legitimate incapacity, the Company will pay Company sick pay (including Statutory Sick Pay ("SSP") where applicable) of up to ninety (90) calendar days, in aggregate, at one hundred percent (100%) of your base salary. If your illness continues for more than ninety (90) days, and up to one hundred eighty (180) days, the Company will continue to pay your salary (including SSP, where applicable) at a rate of seventy-five percent (75%) of base salary. After your Company Sick Pay is exhausted, you will continue to receive SSP if you qualify for it under the prevailing legislation.

8.6 If, during your employment, you are absent from work on grounds of sickness or other medical incapacity, your entitlement to participation in any commission, bonus or other incentive scheme will be in accordance with the applicable plan rules.

8.7 In the event of a long -term sickness absence during which you are absent from work for a complete holiday year, any payments of Company sick pay will discharge your entitlement to holiday pay for this period.

8.8 For the avoidance of doubt, the Company reserves the right, at its sole discretion, to terminate your employment pursuant to Clause 16 below at any time, notwithstanding that you may be in receipt of Company sick pay or be entitled to or receiving benefits pursuant to any permanent health insurance scheme operated by the Company from time to time.

8.9 Further details on the notification of absence procedures and the provision of sickness certificates are available from the HR Department.

8.10 You may lose your right to SSP if, for no good reason, you do not notify the Company of your absence through sickness or injury or fail to produce a doctor's certificate if so requested. Failure to comply with this requirement may result in disciplinary action being taken against you.

8.11 If your absence has been caused by actionable negligence of a third party in respect of which damages are (or may be) recoverable, you must immediately notify the human resources department of that fact and use your best endeavours to recover damages from the third party. You must promptly notify the Human Resources Department of any claim, compromise settlement or judgement made or awarded and give to him all of the details that he requires. You may be required to refund to the Company that part of any damages recovered relating to loss of earnings for the period of absence as the Company may reasonably determine.

9 BENEFITS

9.1 You will be eligible to participate in the Company's benefits programme, effective from your start date. The terms of the benefits programme will be provided under separate cover. The Company reserves the right to replace or withdraw such benefits, or amend the terms of such benefits, at any time at its discretion and on reasonable notice to you.

10 PENSION

10.1 From the first date of your employment, you will be contractually enrolled into the Company's Workplace Pension Scheme (the "Company Scheme"). ServiceNow will contribute 7% of your monthly salary, whilst you will be required to contribute 5% of your monthly salary into the plan. Please note that these contributions may be subject to increase from time to time, in which case you will be advised at the appropriate time.

10.2 The Company reserves the right to substitute another pension scheme, or to vary the terms of its participation in the Company Scheme at any time and for any reason. Your written agreement will be required if you wish to participate in the pension scheme via salary exchange. Further details will be provided to you, shortly after starting.

11 CONFIDENTIALITY AND COMPANY DOCUMENTS

11.1 You shall neither during your employment (except in the proper performance of your duties), nor at any time (without limit) after the termination of your employment with the Company:

11.1.1 divulge or communicate to any person, company, business entity or other organisation;

11.1.2 use for your own purposes or for any purposes other than those of the Company or any Group Company; or

11.1.3 through any failure to exercise due care and diligence, permit or cause any unauthorised disclosure of, any trade secrets or Confidential Information relating to the Company or any Group Company and its/their clients, customers, partners and suppliers. These restrictions shall cease to apply to any information which shall become available to the public generally otherwise than through your default.

11.2 For the purposes of this Agreement "Confidential Information" shall mean any information relating to the Company or any Group Company or the business, prospective business, technical processes, computer software, intellectual property rights or finances of the Company or any Group Company including without limitation details of suppliers and their terms of business, details of clients, customers and partners and their requirements, the prices charged to and terms of business with clients, marketing plans and sales forecasts, financial information, results and forecasts (save to the extent that these are included in published audited accounts), any proposals relating to the acquisition or disposal of a company or business or any part thereof or to any proposed expansion or contraction of activities, details of employees and officers and of the remuneration and other benefits paid to them, information relating to research activities, inventions, secret processes, designs, formulae and product lines, which comes into your possession by virtue of your employment, and which the Company or any Group Company regards, or could reasonably be expected to regard, as confidential, whether or not such information is reduced to a tangible form or marked in writing as "confidential", and any and all information which has been or may be derived or obtained from any such information.

11.3 You acknowledge that all notes, memoranda, records, lists of clients and suppliers and employees, correspondence, documents, computer and other discs and tapes, data listings, codes, designs and drawings and other documents and material whatsoever (whether made or created by you or otherwise) relating to the business of the Company and any Group Company and its/their clients (and any copies of the same);

11.3.1 shall be and remain the property of the Company; and

11.3.2 shall be handed over by you to the Company on demand and in any event on the termination of your employment and you shall, if requested by the Company, certify that all such property has been so handed over and that no copies or extracts have been retained.

11.4 You acknowledge that the restrictions placed on you under the provisions of Clause 11 also apply to the Confidential Information of clients/customers of the Company and any Group Company to which you have access in the course of your employment.

11.5 Nothing in this clause shall prevent you from making a lawful, protected disclosure.

12 EXCLUSIVITY OF SERVICE

12.1 During your employment with the Company you shall not directly or indirectly:-

12.1.1 be employed, engaged, concerned or interested in any other business or undertaking; without the prior written consent of the Company;

12.1.2 be involved in any activity which the Company reasonably considers may be, or becomes, harmful to the interests of the Company or which might reasonably be considered to interfere with the performance of the duties of your employment.

13 INVENTIONS AND INTELLECTUAL PROPERTY RIGHTS

13.1 Definitions used in this Clause 13 are set out below in Clause18.

13.2 The Company and/or ServiceNow, Inc. is entitled on request to full details in writing of all Inventions and of all works embodying Intellectual Property Rights made wholly or partially by you at any time during the course of your employment which relate to, or are reasonably capable of being used in, the business of the Company and/or any Group Company. You acknowledge that all Intellectual Property Rights subsisting (or which may in the future subsist) in all such Inventions and works shall automatically, on creation, vest in the Company absolutely. To the extent that they do not vest automatically, you agree that you will hold them on trust for the Company. You agree promptly to execute all documents and do all acts as may, in the opinion of the Company, be necessary to give effect to this Clause 13.

13.3 You hereby irrevocably waive all moral rights under the Copyright, Designs and Patents Act 1988 (and all similar rights in other jurisdictions) which you have or will have in any existing or future works referred to in this Clause 13.

13.4 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this Clause 13 and acknowledge in favour of a third party that a certificate in writing signed by any Director or the Secretary of the Company that any instrument or act falls within the authority conferred by this Clause 13 shall be conclusive evidence that such is the case.

14 GRIEVANCE PROCEDURE

14.1 The Company operates a grievance procedure, the details of which can be obtained from the HR Department. You may use the company grievance procedure to lodge complaints regarding any employment related matter but this is not intended to be contractually binding and the Company reserves the right not to follow any part of it where it considers it appropriate not to do so.

15 DISCIPLINARY PROCEDURE

15.1 The Company operates a disciplinary procedure, the details of which can be obtained from the HR Department. The disciplinary procedure does not form part of your Contract of Employment and is not intended to be contractually binding. The Company reserves the right not to follow any part of the disciplinary procedure where it considers it appropriate (for example, if you have less than 2 years' service).

15.2 The Company reserves the right in its absolute discretion to suspend you from work in order to investigate any disciplinary matter by giving you notice of suspension in writing. Such notice will specify the dates of your suspension and the conditions applicable to your suspension.

16 TERMINATION OF EMPLOYMENT

16.1 From the commencement of your employment, your contract of employment is terminable by the Company and by you by giving to the other in writing, three months' notice.

16.2 Notwithstanding Clause 16.1, the Company may, at anytime and at its absolute discretion, terminate your employment with immediate effect by notifying you in writing that it is doing so and confirming (whether in writing or not) that it has or will (as the case may be) make a payment in lieu of your notice (or any remaining notice) to you. For the avoidance of doubt, your employment will terminate immediately upon the Company giving you any such written notification. Any payment in lieu will be based on your basic salary only and not include the value of any commission/bonus or other benefits.

16.3 The Company reserves the right to require you not to attend work and/or not to undertake all or any of your duties of employment during any period of notice (whether given by you or the Company), provided that the Company shall continue to pay you your salary and contractual benefits. You will remain employed by the Company during this time and must continue to observe all your terms and conditions of employment (whether express or implied).

16.4 Notwithstanding Clauses 16.1 through 16.3, in the event your employment is terminated by the Company or ServiceNow, Inc. for Cause, your employment terminates due to your death or Disability (which termination may be implemented by written notice by the Company and/or ServiceNow, Inc. if you have a Disability), or you resign your employment other than for Good Reason, you will be paid only: (i) any earned but unpaid Base Salary; (ii) except in the case of termination for Cause or resignation without Good Reason, the amount of any Actual Bonus earned and payable from a prior bonus period which remains unpaid by the Company as of the date of the termination of employment determined in good faith in accordance with customary practice, to be paid at the same time as bonuses are paid for that period to other eligible executives; (iii) other unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate, unless otherwise specifically provided in this Agreement; and (iv) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company and/or a Group Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "**Accrued Compensation**").

16.5 Notwithstanding Clauses 16.1 through 16.3, if the Company or ServiceNow, Inc. terminates your employment without Cause or you resign your employment for Good Reason, in either case not in connection with a Change in Control (which is dealt with in Clause 16.6 below), provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed general release of claims in favor of the Company, ServiceNow, Inc, and the Group Companies on the Company's or ServiceNow, Inc.'s standard form of release (the "**Release**") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, you shall be entitled to:

a) the Accrued Compensation; and

b) a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

c) a lump sum payment equal to fifty percent (50%) of your Actual Bonus for the then-current fiscal year based on: (x) actual achievement of ServiceNow, Inc. performance objectives and (y) deemed 100% achievement of personal performance objectives, if any, less any quarterly or semi annual advance payment previously paid, if any, subject to required deductions and withholdings and paid when annual bonuses are otherwise paid to active employees, but no later than March 15th of the year following the year in which the termination of employment occurs;

d) continued health care coverage for you and your dependents for a period of six (6) months or reimbursement to you for the costs of such coverage at a cost equivalent to the costs and fees incurred by the company to provide you and your dependents such coverage immediately prior to the termination of your employment.

16.6 In the event a Change in Control occurs and if the Company or ServiceNow, Inc. terminates your employment without Cause or if you resign your employment for Good Reason, in either case within the period beginning three (3) months before, and ending twelve (12) months following, such Change in Control; and provided that (except with respect to the Accrued Compensation) you deliver to the Company the signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, (in lieu of any benefits pursuant to Clause 16.5), you shall be entitled to:

a) the Accrued Compensation;

b) a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;

c) a lump sum payment equal to fifty percent (50%) of your Target Bonus for the then-current fiscal year less any quarterly or semi annual advance payment previously paid, if any, subject to required deductions and withholdings;

d) continued health care coverage for you and your dependents for a period of six (6) months or reimbursement to you for the costs of such coverage at a cost equivalent to the costs and fees incurred by the company to provide you and your dependents such coverage immediately prior to the termination of your employment; and

e) immediate acceleration of one hundred percent (100%) of the number of then-unvested shares subject to equity grants, unless otherwise provided (and to the extent specified) by the terms of such grants.

16.7 For the avoidance of doubt, the benefits payable pursuant to Clauses 16.5 through 16.6 are mutually exclusive and not cumulative. All lump sum payments provided in this Clause 16 shall be made no later than the 60th day following your termination of employment (unless explicitly provided otherwise above). Notwithstanding anything to the contrary in this Agreement, (i) any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the United States Internal Revenue Code of 1986 as amended (the "**Code**"), and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed, and (ii) no payment will be made or become due to you during any period that you continue in a role with the Company, ServiceNow, Inc. and/or a Group Company that does not constitute a separation from service, and will be paid once you experience a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, notwithstanding anything to the contrary in this Agreement, upon a termination of your employment, you agree to resign prior to the time you deliver the Release from all positions you may hold with the Company, ServiceNow, Inc. and any Group Company and any of their subsidiaries or affiliated entities at such time, and no payment will be made or become due to you until you resign from all such positions, unless requested otherwise by the Board.

16.8 Nothing in this Agreement prevents the Company from terminating your employment summarily or otherwise in the event of any serious breach by you of the terms of your employment or in the event of any act of gross misconduct by you.

16.9 The Company reserves the right to terminate your employment with immediate effect should you no longer be eligible to work in the United Kingdom in accordance with section 21 of the Immigration Act 2006.

17 POST TERMINATION OBLIGATIONS

17.1 Definitions used in this Clause 17 are set out below in Clause 18. You hereby undertake with the Company that you will not during the Relevant Period, without the prior written consent of the Company whether by yourself, through your employees or agents or otherwise and whether on your own behalf or on behalf of any other person, firm, company or other organisation, directly or indirectly:

17.1.1 in competition with the Company or any Group Company, solicit business from or canvass any Client or Prospective Client where you had personal contact or dealings with the Client or Prospective Client during the 12 months immediately preceding the Termination Date;

17.1.2 solicit or induce or endeavour to solicit or induce employees for whom you have been responsible or with whom you have worked with in the 12 months immediately preceding the Termination Date to cease working for or providing services to the Company or any Group Company, whether or not any such person would thereby commit a breach of contract;

17.1.3 engage in the business of distributing, selling, marketing, supplying or otherwise dealing with any product or providing any service which is the same or similar to any products distributed, sold, marketed or supplied or any service provided by the Company or any

Group Company with which you were involved to a material extent during the 12 months immediately preceding the Termination Date in the Relevant Area;

17.1.4 deal with, in competition with the Company or any Group Company, any Client or Prospective Client with whom you had personal contact or dealing on behalf of the Company or any Group Company during the 12 months immediately preceding the Termination Date.

17.2 After the termination of your employment, you shall not in the course of carrying on any trade or business, claim, represent or otherwise indicate any present association or connection with the Company or any Group Company or for the purpose of carrying on or retaining any business or custom, claim, represent or otherwise indicate any past association or connection with the Company or any Group Company.

17.3 Nothing in this clause shall prevent you from holding an investment by way of shares or other securities of not more than 3% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange.

17.4 If, during your employment with the Company or before the expiry of the last of the covenants in this clause 17 you receive an approach or offer to be involved in a business which competes with any part or parts of the Company's or any Group Company's business with which you are or have been involved to a material extent during your employment, you shall:

17.4.1 notify the Company in writing of the fact of the approach or offer and the identity of the person making the approach or offer as soon as possible;

17.4.2 if requested, provide a copy of any written offer as soon as possible; and

17.4.3 give the person making the offer a copy of this clause 17 within seven days of the offer being made.

17.5 Each of the restrictions in this Clause 17 is intended to be separate and severable. If any of the restrictions shall be held to be void but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective.

18 DEFINITIONS

18.1 The following words referred to in this Agreement shall have the following definitions set out below:

18.1.1 "**Cause**" for the Company to terminate your employment hereunder shall mean the occurrence of any of the following events, as determined by the Company or a Group Company in its sole and absolute discretion:

a) your conviction of, or plea of nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude;

b) your commission of or participation in a fraud or act of dishonesty against the Company and/or a Group Company that results in (or would reasonably be expected to result in) material harm to the business of the Company and/or a Group Company;

c) your intentional, material violation of any contract or agreement between you and the Company and/or a Group Company or any statutory duty you owe to the Company and/or a Group Company or the improper disclosure of confidential information (as defined in the Company's and/or a Group Company's standard confidentiality agreement);

d) your conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or would reasonably be expected to result in) material harm to the business of the Company and/or a Group Company;

e) your material failure to perform the duties of your position as Chief Commercial Officer;

f) your material failure to follow the Company's and/or a Group Company's material policies; or

g) your failure to cooperate with the Company and/or a Group Company in any investigation or formal proceeding;

provided, however, that the action or conduct described in clauses (c), (d), (e), (f) and (vii) above will constitute "Cause" only if such action or conduct continues after the Company and/or a Group Company has provided you with written notice thereof and thirty (30) days to cure the same if such action or conduct is curable.

18.1.2 "**Change in Control**" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which ServiceNow, Inc. or its successors issues securities to investors primarily for capital raising purposes):

a) the acquisition by a third party of securities of ServiceNow, Inc. representing fifty percent (50%) or more of the combined voting power of ServiceNow, Inc.'s then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

b) a merger, consolidation or similar transaction following which the stockholders of ServiceNow, Inc. immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;

c) the dissolution or liquidation of ServiceNow, Inc.; or

d) the sale, lease, exclusive license or other disposition of all or substantially all of the assets of ServiceNow, Inc..

Notwithstanding any of the foregoing, any transaction or transactions effected solely for purposes of changing ServiceNow, Inc's domicile will not constitute a Change in Control pursuant to the foregoing definition

18.1.3 "**Client**" shall mean any person, firm, company or other organisation or entity to whom the Company or any Group Company has supplied goods or services.

18.1.4 "**Company Invention**" shall mean any improvement, invention, development, discovery or process made or discovered by you and which belongs to the Company by virtue of the application of the provisions of the Patents Act 1977 in the determination of ownership for inventions and/or patents.

18.1.5 "**Disability**" shall have that meaning set forth in Section 22(e)(3) of the Code.

18.1.6 "**Good Reason**" for you to terminate your employment hereunder shall mean the occurrence of any of the following events without your consent:

a) any material diminution in your authority, duties or responsibilities as in effect immediately prior to such reduction or a material diminution in the authority, duties or responsibilities of the person or persons to whom you are required to report;

b) a material reduction by the Company in your annual Base Salary or Target Bonus, as initially set forth herein or as increased thereafter; provided, however, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual Base Salary or Target Bonus that is pursuant to a salary or bonus reduction program affecting substantially all of the employees of the Company or substantially all similarly situated executive employees and that does not adversely affect you to a greater extent than other similarly situated employees;

c) except for your relocation from the UK to the United States, a relocation of your business office to a location that would increase your one-way commute distance by more than thirty-five (35) miles from the current location at which you performed your duties immediately prior to the relocation, except for required travel by you on the Company's and/or a Group Company's business to an extent substantially consistent with your business travel obligations prior to the relocation; or

d) failure of a successor entity to assume this Agreement;

provided, *however*, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give ServiceNow, Inc. written notice of your intent to resign for Good Reason within ninety (90) days following the first occurrence of

the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company and/or ServiceNow, Inc. fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily resign your employment within one hundred twenty (120) days following the end of the Cure Period.

18.1.7 "**Group Company**" shall mean the Company, ServiceNow, Inc., their Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time

18.1.8 "**Intellectual Property Rights**" shall mean patents, rights to Inventions, copyright and related rights, trade -marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world.

18.1.9 "**Inventions**" shall mean inventions, ideas and improvements, whether or not patentable, and whether or not recorded in any medium.

18.1.10 "**Prospective Client**" shall mean any person, firm, company or other organisation or entity with whom the Company or any Group Company has had any negotiation or material discussion regarding a possible business relationship in the 12 months before the Termination Date and with whom you had material dealings or for whom you were responsible on behalf of the Company or any Group Company.

18.1.11 "**Relevant Area**" shall mean the United Kingdom and any other country where on the Termination Date the Company or any Group Company develops, sells or supplies, products or services and in respect of which you have been responsible, concerned or active on behalf of the Company or any Group Company in the 12 months before the Termination Date.

18.1.12 "**Relevant Period**" shall mean 12 months following the Termination Date less the number of days on which the Company has required you (in accordance with Clause 16.3) both not to attend at work and not to undertake any duties of employment.

18.1.13 "**Subsidiary and Holding Company**" shall in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

18.1.14 "**Termination Date**" shall mean the date when your employment contract terminates.

19 DATA PROTECTION

19.1 You consent to the Company and/or ServiceNow, Inc. holding and processing, both electronically and manually, the data that it collects about you, in the course of your employment and thereafter (including, without limitation your application, references, bank details, appraisals, holiday and sickness records and other records which may include sensitive personal data relating to your health, salary reviews and remuneration details and employment benefits), for the purposes of:

19.1.1 the Company's administration and management of its employees and its business;

19.1.2 the evaluation of assets and liabilities before any acquisition, merger or re-organisation of the Company's business;

19.1.3 to fulfil any obligation of the Company to transfer of employment records to any successor employer; and

19.1.4 for compliance with the applicable laws, procedures and regulations.

Such processing may involve the transfer, storage and processing by the Company of such data outside the European Economic Area.

19.2 You should familiarise yourself with the Company's Data Protection policies and Employee Privacy Statement which can be obtained from the HR Department and ensure that where your duties involve the processing of personal data you do so in accordance with such policies/statement and the principles of GDPR and the Data Protection Act 2018. If you have any questions or concerns about this you should speak to your line manager without delay.

19.3 The Company and/or ServiceNow, Inc. may monitor record and review your telephone calls, emails and internet usage, regardless of whether these are for work or personal use if made using the Company's or ServiceNow, Inc.'s equipment. Consequently, you should not regard any such communication made using the Company's or ServiceNow, Inc.'s equipment as private.

20 COMPANY PROPERTY

20.1 You must not remove any material or equipment of any kind from the Company's and/or ServiceNow, Inc.'s premises without the prior permission of your line manager. You must not use the Company's and/or ServiceNow, Inc.'s time, material or equipment for any unauthorised work. Any information created or stored on the Company's and/or ServiceNow, Inc.'s systems shall remain the property of the Company or ServiceNow, Inc. at all times and you shall not be entitled to remove such information during or on the termination of your employment.

20.2 If you are required to carry confidential paperwork outside office premises, such information must not be left unattended for any period of time, and must not be left in parked vehicles. Failure to observe this rule will be regarded as gross misconduct.

21 COLLECTIVE AGREEMENTS

21.1 There are no collective agreements affecting your employment.

22 CONTACT DETAILS

22.1 You must let us know as soon as possible about any change to your personal details and in particular any change of address (whether permanent or temporary), or during any period of absence of more than 2 weeks, an appropriate way of contacting you for any reason, including to terminate your employment in accordance with Clause 16. Failure to inform us of a new address or other contact details may result in disciplinary action being taken against you.

22.2 If the Company wishes to contact you during any period of absence (other than authorised annual leave) it may, at its absolute discretion, do so by sending written notice by first class post to the address held on file for you by the Company. In the event of any dispute as to whether or not such notice has been served, you agree that it will be deemed served on the second business day after it was posted to that address.

23 CHANGES TO YOUR TERMS AND CONDITIONS OF EMPLOYMENT

23.1 We reserve the right, in our absolute discretion, to make any changes to any of your terms and conditions of employment. We will give reasonable notice to you and consult with you before imposing any such change.

24 GENERAL

24.1 The expiration or termination of this Agreement, however arising, shall not operate to affect such of the provisions of this Agreement as are expressed to operate or have effect after that time and shall be without prejudice to any accrued rights or remedies of the parties.

24.2 The various provisions and sub-provisions of this Agreement are severable and if any provision or any identifiable part of any provision is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining provisions or identifiable parts of them.

25 JURISDICTION

Your contract shall be governed by and interpreted in accordance with English Law. The parties hereby submit to the exclusive jurisdiction of the English courts.

/s/ Jacqui Canney 4/26/22

....

For and on behalf of **ServiceNow UK Limited** Date

Jacqui Canney, **Chief People Officer**

I accept the terms and conditions of my employment as set out in this Agreement.

/s/ Paul Smith 4/26/22

....

Paul Smith Date

EXHIBIT 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ServiceNow, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/s/ William R. McDermott

William R. McDermott
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gina Mastantuono, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ServiceNow, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/s/ Gina Mastantuono

Gina Mastantuono
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, William R. McDermott, Chief Executive Officer of ServiceNow, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2022

/s/ William R. McDermott
William R. McDermott
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Gina Mastantuono, Chief Financial Officer of ServiceNow, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2022

/s/ Gina Mastantuono

Gina Mastantuono
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.