Krause Fund Research
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servicenow

Stock Rating: HOLD

Stock Price: $850.43
Target Range: $860-$885

Company Overview

ServiceNow, Inc.(NYSE: NOW) is a global enterprise software company that provides digital workflow solutions to streamline business operations. Through its Now Platform, the company offers IT, customer, and employee service management tools that enhance efficiency and automation. Its cloud-based platform helps organizations digitize workflows and improve productivity across departments. ServiceNow is headquartered in Santa Clara, California, and was founded in 2003 by Fred Luddy.

Financial Snapshot

Stock Performance Highlights
Current Price: $850.43
52 Week Range: $679 – 1,198
Market Capitalization: $176.45 billion
Shares Outstanding: 206.5 million

Krause Fund Valuation Models
DCF_EP: $873.73
DDM: $169.97
Relative Valuation P/E 2025: $357.81
WACC: 9.7%
Beta: 1.215

Financial Metrics:
2024 Revenue: $10,984.0 (millions)
2025E Revenue: $13,366.1 (millions)

Financial Ratios:
Dividend Payout Ratio: 0 (No Dividends Paid)
2024 ROE: 18.7%
2024 ROIC: 195.12%
2024 Net Profit Margin: 12.97%

Earnings Estimates

Year	2023	2024	2025E	2026E	2027E
EPS	8.5	6.9	9.0	11.4	14.9
Growth	431.3%	-18.8%	30.4%	26.7%	30.7%

Investment Thesis

We recommend a **Hold** for ServiceNow, INC, with a target range of $860-$885, which represents an upside of around 2.74%. While we remain optimistic in ServiceNow's long-term growth trajectory driven by its expanding AI-powered workflow, we believe the market is currently fairly valuing the company, leaving limited near-term upside potential.

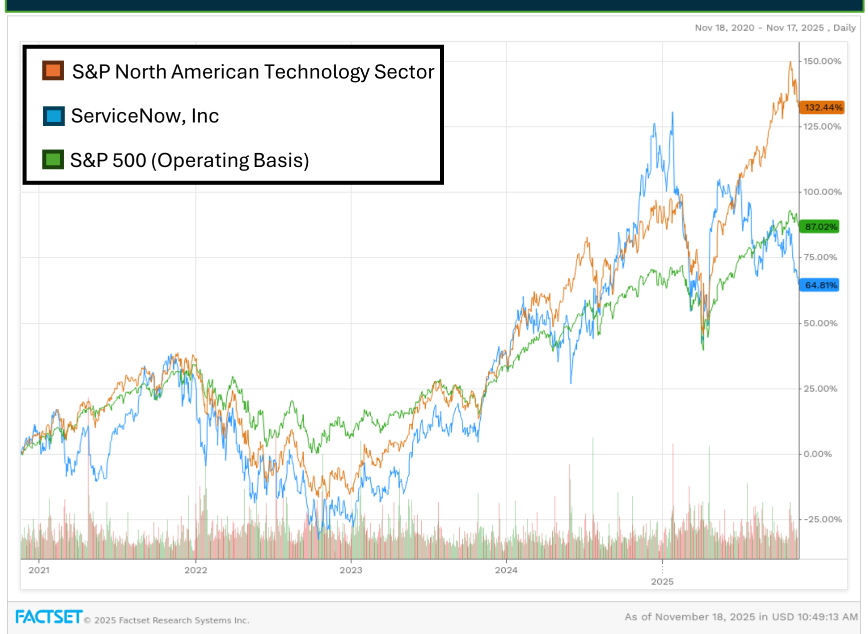
Drivers of Thesis:
Artificial Intelligence: The growth of AI adoption has fueled demand for workflow automation, with its continued innovation and AI automation offerings ServiceNow is positioned to sustain strong revenue growth and margin expansion over the long term.

Renewal and Expansion Strength: ServiceNow has maintained a consistent renewal ratio around 98%, reflecting its revenue stability, while the growing number of contracts exceeding $5million in ACV highlights its long-term growth potential.

Risks to Thesis
Competition: As AI adoption grows, more competitors are entering the space, seeking to capture market share in workflow automation and digital transformation, which could pressure ServiceNow's growth and pricing power over time.

Uncertainty: While AI adoption is expanding rapidly, the intensive spending around AI remains in its early stages, making it difficult to predict how investment trends will evolve in the coming years. This uncertainty can serve as both a positive and a negative for ServiceNow's future growth.

3-Year Stock Performance Comparison



Company Description

For more than two decades, ServiceNow, Inc. (NOW) has been transforming enterprise operations through its cloud-based Now Platform, which integrates digital workflows across IT, employee, customer, and creator functions. Headquartered in Santa Clara, California, the company serves over 8,400 global clients, including more than 85% of the Fortune 500, across 80+ countries. Recognized as the AI Platform for Business Transformation, ServiceNow unifies AI, data, and workflows into a single system that helps organizations automate operations, enhance productivity, and deliver improved user experiences.

Originally known for leadership in IT Service Management (ITSM), ServiceNow has evolved into a broader enterprise automation leader, expanding into business units such as:

- Customer Service Management (customer support)
- Field Service Management (service delivery)
- Security Operations (cyber protection)
- App Engine (creator workflows)
- HR Service Delivery (employee enhancement)

Supported by a recurring subscription-based revenue model, native AI integration, and scalable cloud architecture, ServiceNow continues to drive sustainable growth and innovation. Its long-term strategy aligns with its vision of *"making the world work better for everyone."*

Agentic AI:
ServiceNow has introduced a major leap forward in enterprise automation with the March 2025 release of its fully integrated agentic AI capabilities. Built directly into the single ServiceNow Platform, these innovations act as an AI "control tower," enabling coordinated teams of AI agents to autonomously execute complex, multi-step workflows across IT, customer service, HR, operations, and more. If conventional AI is like a GPS, guiding users' step by step, agentic AI is like a self-driving car. It handles the process end to end, navigates detours, adapts to the environment, and completes the task with little human input.

Complemented by thousands of prebuilt AI agents and the new no-code AI Agent Studio, ServiceNow enables organizations to deploy and customize intelligent agents that take effective action from day one. These capabilities help businesses automate mission-critical processes like customer onboarding, security incident response, and enterprise operations with speed and accuracy. By centralizing governance, ensuring data integrity, and preventing AI sprawl, ServiceNow is setting a new standard for enterprise-grade agentic AI and positioning itself as the orchestration layer for the coming era of digital workforces [6].

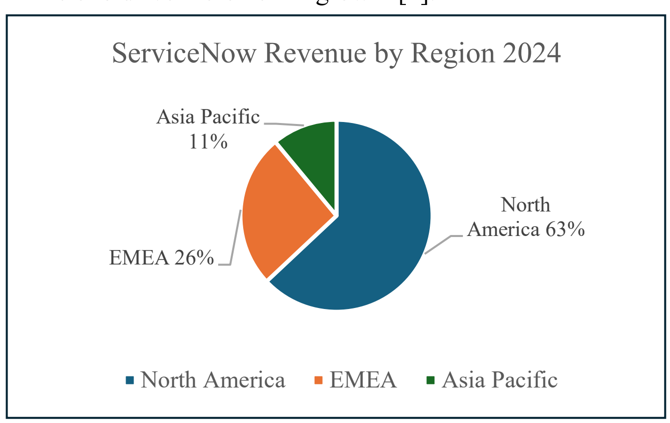
Revenue Decomposition and Analysis:

ServiceNow generated $10.9 billion in total revenue in 2024. We project total revenue to reach $44.2 billion by 2034, supported by high recurring revenue, double-digit growth, and increasing integration of AI and automation. The company also experiences mild seasonality, with the fourth quarter historically being the strongest as it expands contracts with existing customers and signs new agreements.

ServiceNow's revenue model is largely subscription-based, with subscriptions accounting for roughly 97% of total sales in 2024 and a 23% year-over-year growth rate, primarily driven by its Digital Workflow and Information Technology Operations Management (ITOM) segments. Subscription revenue is generated from customer access to the Now Platform's cloud-based and self-hosted offerings and is recognized proportionally over the contract term. Our forecast begins with 22% subscription revenue growth in 2025, supported by the Q3 earnings release showing 23% YOY growth, and gradually tapers as the company continues to scale and mature.

The remaining 3% of revenue comes from Professional Services and Other, which includes implementation, consulting, and training engagements. Because this segment represents a small portion of total sales, its growth has fluctuated over time, with small changes in activity creating noticeable volatility. Our forecast begins with an 11.82% growth rate in 2025, based on the 2019–2024 average, and holds this rate constant through maturity due to the historical variability of this segment

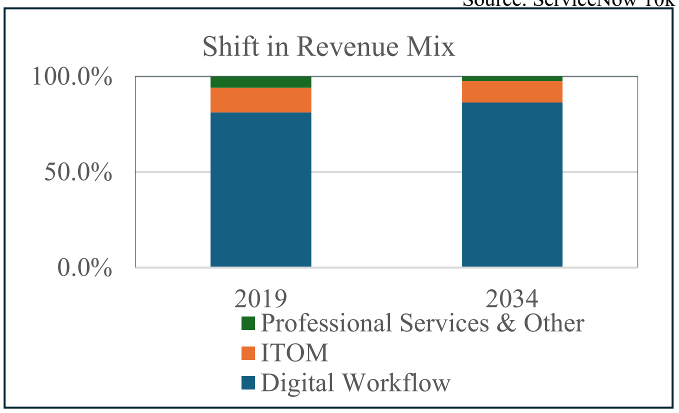
Geographic Breakdown:
ServiceNow began its international expansion in 2007 with the opening of its first overseas office in London, followed by a German office in 2011. Since then, the company has steadily broadened its presence across Europe, the Middle East, Africa, and the Asia-Pacific region. As of the most recent fiscal year, North America accounts for approximately 63% of total revenue, with the United States contributing about 94% of that segment. The EMEA region represents roughly 26%, while Asia-Pacific contributes around 11%. This distribution highlights ServiceNow's strong domestic foundation and the continued opportunity for international markets to drive incremental growth [1].



Source: ServiceNow 10-k

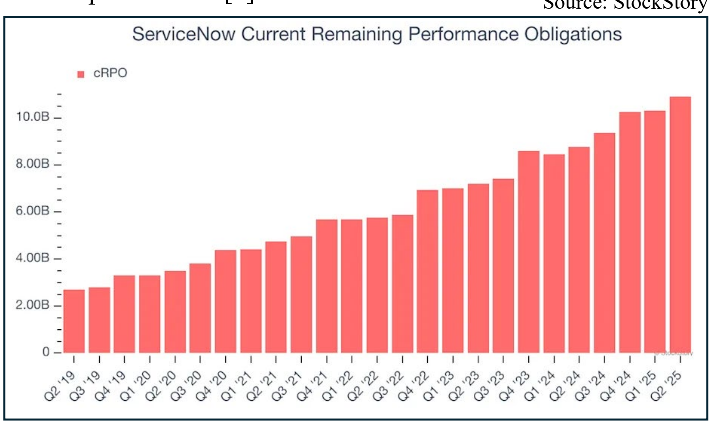
Digital Workflow Products & ITOM:
Over the forecast period, Digital Workflow and IT Operations Management are projected to maintain strong double-digit growth, collectively driving over 97% of total revenue by 2034 with Digital Workflow & ITOM maintaining 86.43% and 11.23% of revenue growth, respectively. As the Now Platform continues to scale and partner-led implementations increase, we expect the contribution from Professional Services and Other to gradually decline to 2.34% of total revenue, reflecting improved product maturity, customer self-sufficiency, and operating leverage across the subscription business.

Source: ServiceNow 10k



Revenue Metrics:
A critical component of ServiceNow's sustained growth is its consistently high renewal rate, which has remained at 98% for each of the years ended December 31, 2021, through 2024. This stability highlights the company's strong customer satisfaction and recurring revenue durability. Supported by this retention strength, ServiceNow has continued to grow its remaining performance obligations (RPO), which provide strong visibility into future revenue and reflect the long-term nature of its customer contracts. In its most recent quarterly release on October 29, 2025, the company reported a current RPO of $11.35 billion, representing 21% year-over-year growth, and a total RPO of $24.3 billion, up 24% year-over-year. At the end of fiscal 2024, ServiceNow also reported a 12% year-over-year increase in customers with annual contract values (ACV) exceeding $1 million and a 21% increase in customers with ACV above $5 million, highlighting continued expansion within its existing enterprise base and reinforcing the visibility and scalability of its subscription model [2].

Source: StockStory



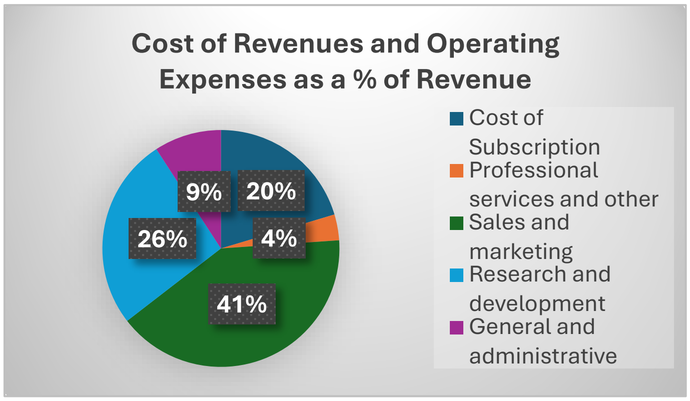
Building on these strong revenue metrics, ServiceNow's Deferred Revenue to Total Assets ratio further illustrates the company's financial strength and the quality of its recurring revenue model. Historically averaging around 37% and gradually declining to 27% by 2034, this ratio highlights how a significant portion of ServiceNow's asset base is financed by customer prepayments rather than external debt or equity, emphasizing the company's ability to generate cash flow before revenue recognition, a hallmark of capital-efficient SaaS businesses. While annual contract values (ACV) and remaining performance obligations (RPO) continue to expand, the decline in this ratio reflects the faster growth of ServiceNow's overall asset base relative to billed but unrecognized revenue. As the company matures, total assets have expanded through accumulated free cash flow, rising cash reserves, and continued investment in AI infrastructure and platform development. Additionally, a growing mix of multi-year contracts increases RPO but does not fully translate into deferred revenue until billed, naturally moderating the ratio over time. This trend represents a healthy transition from a customer-financed expansion phase to a self-funded, cash-generative growth model. Even as the ratio stabilizes, deferred revenue still makes up the majority of ServiceNow's liabilities, showing that most of its obligations come from customer prepayments rather than debt.

Cost Structure Analysis:

ServiceNow's profitability metrics highlight the scalability of its model as it shifts from a growth phase to a more cash-generative one. Gross profit margins are forecasted to rise from about 67.3% in 2015 to over 80.3% by 2034, and net profit margins, which were negative through 2018, are expected to reach roughly 23% over the same period as subscription revenue scales and cost of revenue grows more slowly than sales. A key contributor to these improvements is ServiceNow's use of its own AI tools to streamline internal IT, customer service, and HR workflows, lowering operating costs and improving platform efficiency. These internal gains strengthen the products before wider adoption and help demonstrate their ability to drive margin expansion and reinforce the efficiency of its cloud delivery model [4].

ServiceNow's cost of revenues is primarily driven by its subscription business. In 2024, subscription-related costs represented 17.68% of revenues and approximately 85% of total cost of revenues. These costs include data center capacity, depreciation of infrastructure hardware, cloud services, software, IT operations, customer support, and personnel directly tied to hosting and support. We maintain this structure in our forecast, with subscription cost intensity gradually declining as the business scales. Professional services and other revenues continue to carry structurally lower margins, as their costs include service-team personnel, third-party partner fees, travel, and allocated overhead. In 2024, this segment accounted for 3.14% of revenues yet about 15% of total cost of revenues, and we expect its share of total revenues to keep trending down.

Operating expenses as a percent of sales have steadily declined, reaching 66.76% in 2024, which supports the company's improving margin profile. Sales and marketing remains the largest component at 35.1% percent of revenue, but its continued reduction in our forecast, reflects the natural efficiencies gained as the business grows. R&D, at 23.2% of revenue, has increased in recent years as ServiceNow invests in AI, machine learning, and new platform capabilities, and we forecast it to remain near that mark as innovation continues to be a core focus. G&A has been trending downward in recent years, with a 1.1% decline from the prior year. We forecast slightly smaller decreases over the next few years before stabilizing and holding constant beginning in 2027.



Earnings vs Consensus:
ServiceNow has consistently outperformed expectations over the last three quarters, delivering upside across every major growth and profitability metric. In Q1 through Q3 2025, the company posted EPS beats of 6.6%, 14% and 14.5%, while revenue exceeded consensus by 0.2%, 3% and 1.6%. As of Q3, CRPO and RPO were up 21% and 24% year over year, reflecting durable demand and strong visibility into future revenue. The company also surpassed profitability expectations, raising full-year guidance in Q3 and pointing to an expected 250 bps of free cash flow margin expansion.

ServiceNow Chairman and CEO Bill McDermott noted that "this remarkable momentum stems both from existing and new customers doubling down on their investments in ServiceNow as the AI platform for business transformation." That momentum has been noticed by the industry and the everyday investor as well. As of October 29, 2025, the company announced its first ever stock split. The 5-for-1 stock split subject for approval on December 5, 2025, aims to bring in more retail investors to make the high valued stock more accessible to retail investors and increase liquidity by expanding the share count while boosting trading volume [3].

M&A and Partnerships
From 2023 to 2025, ServiceNow made several targeted acquisitions to strengthen its platform across AI, telecom, industrial, and data sectors. Key deals included G2K (retail IoT), UltimateSuite (task mining), and Atrinet's NetACE (telecom automation). In 2024 and 2025, it added 4Industry, Raytion, and its largest deal to date, Moveworks for $2.85 billion, along with Logik.ai, Quality360, and data.world, all focused on AI and enterprise data enhancement [24].

During the same period, ServiceNow forged strategic partnerships to accelerate AI adoption and platform expansion. It teamed up with NVIDIA, Accenture, and AWS to develop and deliver generative AI solutions across industries. Expanded collaborations with Deloitte, KPMG, Cognizant, and GDIT supported digital transformation and government modernization. Partnerships with Visa and EY also reinforced its push into financial services and responsible AI governance [25].

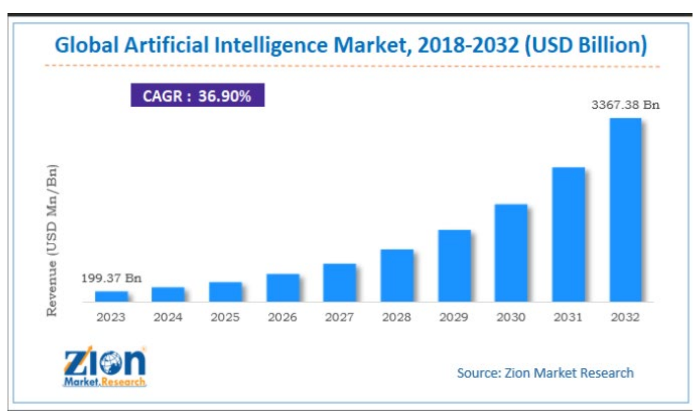
Capital Expenditures and Amortization Schedule:
Our CapEx forecast assumes elevated near-term growth as ServiceNow continues to expand its AI infrastructure and global data-center footprint. CapEx has historically grown at double-digit rates, including roughly 20% most recently, which supports our assumption of 20% growth in 2025, tapering gradually to 10% by 2030 as the pace of infrastructure expansion slows.

After 2030, we shift CapEx growth to a steady 8% annually, reflecting a maturing platform with lower incremental capital requirements. While CapEx spending continue to rise, CapEx as a percent of revenue declines steadily over the forecast horizon, driven by operating leverage, infrastructure efficiencies, and revenue growth outpacing capital needs. This pattern is consistent with the long-run capital intensity profile of scaled SaaS businesses.

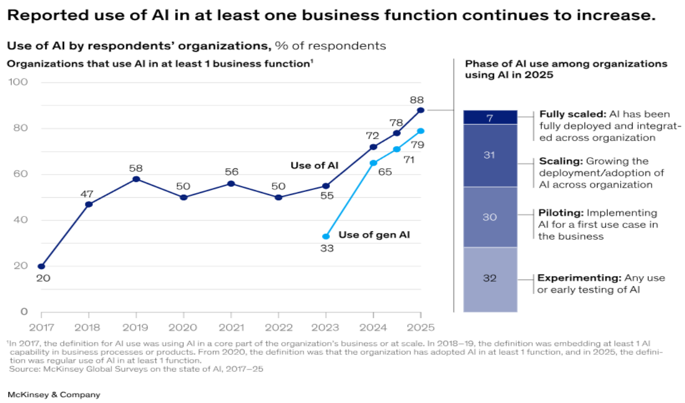
The amortization schedule shows a steady decline in expense as ServiceNow's acquired intangibles age. Amortization begins at $80 million in 2025 and decreases each year to $13 million by 2029, with just $2 million remaining beyond that period. In total, the company expects $209 million of future amortization related to these assets.

Industry Analysis

Artificial Intelligence:
The dotcom boom is often used as a comparison for today's rapid expansion of artificial intelligence. Estimates put the global AI market at roughly $250-300 billion in 2024, with forecasts that it could exceed $2.84 trillion to the US GDP by 2030, $3.37 trillion by 2050. Growth is being driven by broad enterprise adoption, as companies desire increases to cut costs, improve productivity, and streamline operations [5].



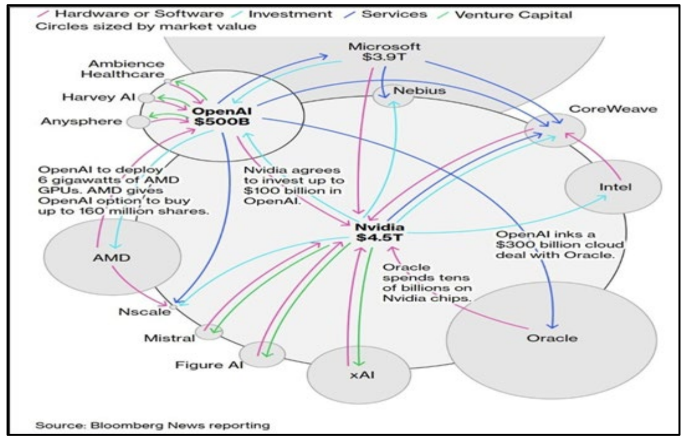
A report from McKinsey show's AI adoption accelerating from 20% in 2017 to 88% in 2025. However, nearly 32% are experimenting and 30% are piloting specific use cases for AI. This trend supports strong demand for platforms that use AI to orchestrate and automate workflows. ServiceNow is positioned at the center of this, leaving a large market for ServiceNow and other possible competitors to tap into market share [11].



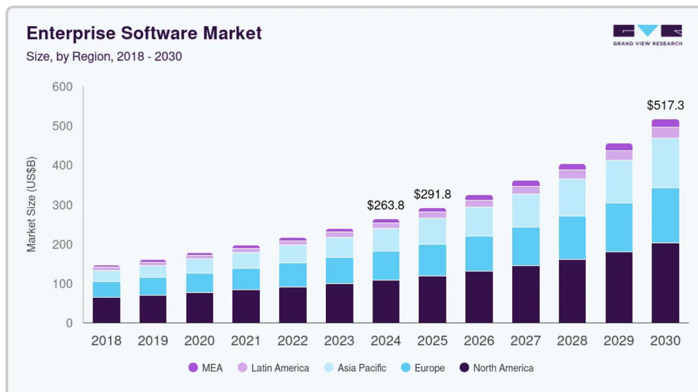
SaaS Trends:
Industry cloud platforms and vertical SaaS are becoming one of the strongest trends in enterprise software as companies seek solutions tailored to the specific processes, regulations, and data needs of their sector. Instead of relying on broad horizontal tools, organizations in healthcare, financial services, telecom, and manufacturing are turning to platforms built for their workflows. This shift reflects a broader move toward software that streamlines operations, reduces manual work, and solves targeted business problems with greater accuracy. It also addresses a growing concern around cybersecurity, as more connected operations and fewer fragmented systems allow companies to protect data more effectively and enforce security controls across a unified platform.

Industry Risks:

Investment Speculation:
Large-cap technology companies view AI as a strategic and relatively safe long-term investment, with Meta, Amazon, Alphabet, and Microsoft collectively planning up to $320 billion in AI spending in 2025. OpenAI has also entered three multibillion-dollar agreements with Nvidia, Oracle, and AMD, with an estimated total value approaching $1 trillion. While these commitments have reinforced consumer and investor confidence in AI, they have also raised concerns about a potential "AI bubble." Some investors worry that heavy cross-investment among major tech firms and chip suppliers may be inflating valuations through "circular deals," with Nvidia at the center of much of this capital flow. ServiceNow is less exposed to this circular-deal risk because its growth is driven by enterprise workflow adoption rather than AI hardware spending, but heightened skepticism around AI valuations could still weigh on investor sentiment toward the company [13].



Market Share:
From 2019 to 2025, the U.S. enterprise software market has expanded rapidly, reaching $291.8 billion in 2025 and projected to exceed $517.3 billion by 2030, with 70% of new spending flowing into cloud-based SaaS platforms. As AI adoption accelerates ,the market has grown more crowded and fragmented. The top five vendors (SAP, Salesforce, Oracle, Microsoft, Intuit) held just 21.2% of global enterprise app revenue in 2023, down from previous years, highlighting the rise of challengers. Microsoft, Salesforce, and SAP are embedding generative AI across portfolios, blurring traditional boundaries in workflow automation, IT support, and HR [22].



Additionally, AI-native startups are scaling quickly and reshaping the pricing landscape. In 2024, more than 1,800 AI startups were funded globally, with $131.5 billion in venture investment fueling rapid expansion. Companies like Aisera, Moveworks, and Forethought now offer AI-first service desk solutions that compete with ServiceNow at lower cost and with faster deployment. These startups benefit from shorter product lifecycles and growing enterprise focus on ROI, especially as traditional vendors raise prices to monetize AI, such as Salesforce's roughly 15% increase from 2023 to 2025. For ServiceNow, sustaining momentum in this environment requires navigating a crowded market where features commoditize quickly, and competitive pricing tied to clear business outcomes becomes essential [12].

SWOT Analysis:

Strengths:
ServiceNow's strength comes from its position as one of the few platforms that can connect workflows across an entire organization. Most enterprise software companies focus on one area, such as Salesforce for customer engagement, Workday for HR and finance, SAP and Oracle for core resource planning, or Datadog for monitoring. ServiceNow takes a different role. It acts as the central place where work gets coordinated, sitting above these individual systems and tying them together on a single data model. This allows companies to streamline processes that move between departments and applications, something that becomes more important as businesses modernize and adopt AI across their operations. Because of this, customers often start with IT service management and steadily add more products over time. That pattern has supported strong retention and steady growth within existing accounts.

Weaknesses:
Despite its strengths, ServiceNow faces real challenges tied to the cost and complexity of its platform. Its products are priced at a premium, and full deployments often require long implementation timelines, significant configuration work, and ongoing support from internal specialists or outside consulting firms. Another weakness is that the company's sales model is heavily centered on large enterprises, which limits adoption among mid sized and smaller organizations. ServiceNow is also sensitive to large enterprise budgets, since several products scale with headcount, though the company has begun shifting more offerings toward consumption-based pricing to reduce this exposure.

Opportunities:
ServiceNow is well positioned to benefit from rising demand for automation and AI driven workflows, especially as companies look to connect processes across multiple systems. Its platform and AI initiatives, such as Now Assist, place it at the center of this shift toward more intelligent operations. The company also has substantial international room for expansion, since markets outside the United States remain far less penetrated.

Threats:
The competitive landscape in enterprise workflow automation is shifting quickly. Major cloud vendors such as Microsoft, Salesforce, SAP, Oracle and Workday continue to expand their automation and AI capabilities, increasing overlap with ServiceNow's core areas. At the same time, faster-moving AI startups introduce lower-cost alternatives that create meaningful pricing pressure and speed up innovation cycles. This environment raises the competitive stakes and requires ServiceNow to keep advancing its platform to defend its position while managing the impact of downward pressure on pricing.

Peer Comparisons:

Salesforce (CRM):
Founded in 1999 by Marc Benioff, Salesforce is the global leader in customer relationship management software and remains one of the largest enterprise cloud vendors, with a market capitalization of roughly $230 billion as of November 2025. Investor sentiment has weakened due to intensifying competition from peers like Oracle and ServiceNow, contributing to a one-year stock decline of about 29%. Despite the stock pressure, Salesforce retains deep enterprise penetration and strong recurring revenue. Compared with ServiceNow, Salesforce competes most directly in workflow automation and AI agents as both companies expand into overlapping markets.

Workday (WDAY):
Specializing in cloud-based human capital management and financial management software, Workday is used by 26,106 as of 2025. Now enhanced by generative AI, its platform integrates HR operations, payroll, and workforce analytics. Similar to majority of SaaS companies, Workday benefits from a strong retention rate with long-term contracts. Workday is a key competitor with ServiceNow in the HR and finance workflow space but lacks the broad selection of products and cross-department automation of the Now Platform [7].

SAP (SAP):
Founded in 1972 in Weinheim, West Germany, SAP is one of the world's largest enterprise application software providers, best known for its ERP, supply chain, finance, and procurement systems. With a market capitalization of roughly $310 billion, the company serves more than 425,000 customers worldwide and remains deeply embedded in global back-office operations. SAP continues to expand its AI capabilities through SAP Business AI, integrating automation across core enterprise processes. Compared with ServiceNow, SAP competes primarily in back-office workflows and enterprise automation, though its core remains in ERP.

Oracle (ORCL):
Known for its database management systems, Oracle now delivers a wide portfolio of cloud infrastructure, ERP, and industry applications that support large-scale enterprise workflows. Oracle's market cap surged by roughly $150 billion in 2025, driven by a record $455 billion in remaining performance obligations and major AI-infrastructure deals, including a multibillion-dollar partnership with OpenAI. The company's aggressive expansion into AI workloads and cloud computing has strengthened investor confidence and repositioned Oracle as a key player in the AI infrastructure race. Compared to ServiceNow, Oracle competes more heavily in cloud infrastructure and ERP but increasingly overlaps in enterprise applications and AI-driven automation [8].

Adobe (ADBE):
Adobe is the leader in creative software and digital experience management, with major revenue streams from Creative Cloud, Document Cloud, and Experience Cloud. The company is rapidly integrating AI through Firefly and automation to support marketing and content workflows.

Adobe's subscription model and enterprise marketing stack give it strong recurring revenue. Compared with ServiceNow, Adobe's overlap lies in AI-driven digital experience workflows rather than IT or operational automation.

Intuit (INTU):

Intuit provides financial management software across consumer, small-business, and self-employed markets through products like TurboTax, QuickBooks, Credit Karma, and Mailchimp. The company is embedding AI across tax, accounting, and marketing workflows to automate routine tasks and boost user productivity. Intuit operates at scale with strong margins and a premium valuation in the software sector. Compared with ServiceNow, it is more consumer and small-medium-business, but its high valuation ($651.48) makes it a useful benchmark for comparison.

Datadog (DDOG):

Datadog provides cloud observability software that monitors infrastructure, applications, and performance data for modern enterprise environments. Its Q3 2025 earnings pushed the stock to a four-year high of $191, driven by 28% year-over-year revenue growth and expansion of its large-customer base to 4,060 accounts generating over $100,000 annually, up from 3,490 last year. Compared with ServiceNow, Datadog overlaps in digital operations and incident automation [10].

Snowflake (SNOW)

Snowflake is a cloud-native data platform enabling large-scale analytics, AI workloads, and enterprise data sharing across clouds. In 2025, the company continued to deliver strong product revenue of $3.5 billion leading to 30% year-over-year growth. Snowflake also reported solid remaining performance obligations of $6.9 billion with 33% year-over-year growth. As enterprise AI adoption accelerates, Snowflake's position at the core of data and model deployment makes it increasingly comparable to ServiceNow's platform strategy, especially as both companies scale AI-led growth [9].

Company	Market Cap	P/E 2025	PEG	P/S	Gross Margin
NOW	**$176.7**	**95.0**	**3.9**	**16.6**	**79.2%**
CRM	$228.9	33.9	2.5	6.0	77.2%
WDAY	$59.7	78.4	2.4	7.1	75.5%
ADBE	$139.6	20.2	1.9	6.5	89.0%
SNOW	$87.0	~~-63.7~~	~~-5.0~~	~~24.0~~	66.7%
INTU	$181.3	41.0	3.1	9.6	79.5%
ORCL	$620.3	43.1	2.0	10.8	69.6%
DDOG	$65.2	~~885.6~~	~~28.4~~	~~24.3~~	79.9%
SAP	$305.1	35.9	2.7	8.3	73.5%
Average	**$207.1**	**49.7**	**2.6**	**9.3**	**76.7%**

Economic Outlook

Interest Rates:

Over the past several years, U.S. monetary policy has shifted meaningfully. After the near-zero rate environment of 2020–2021, the Federal Reserve raised rates aggressively through 2022 and 2023 to combat the highest inflation in decades. These actions pushed the federal funds rate above 5%, marking the most restrictive stance since before the 2008 financial crisis. Treasury yields have eased year-to-date, with the 10-year currently at 4.11% (a 0.46% decline from the start of the year) and the 30-year at 4.70% (a 0.09% decline) [14].

In 2025, the Fed has already implemented two rate cuts, and markets remain divided on whether another will occur before year-end. The CME FedWatch tool currently assigns a 50.7% probability to a December cut. Looking ahead, the highest-probability target range for December 2026 is 300–325 bps, signaling expectations for a gradually lower rate environment. This aligns with Goldman Sachs' outlook, where Chief U.S. Economist David Mericle anticipates two additional cuts in 2026, placing the terminal rate in the 3.00–3.25% range. Further out, StreetStats projects the federal funds rate drifting toward 360 bps by 2030, indicating a gradual adjustment in line with longer-term market expectations as economic conditions stabilize [15] [16].

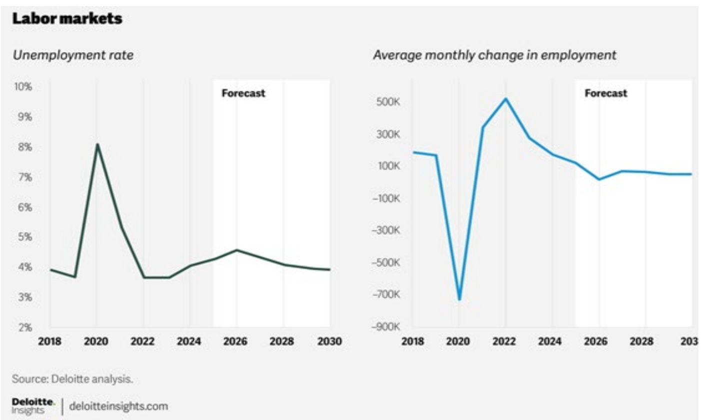
Rate cuts generally benefit high-growth and technology stocks because lower discount rates increase the present value of future cash flows. CFRA Research expects this environment to support software demand, as lower borrowing costs give firms more flexibility to fund initiatives like AI expansion and make it easier for customers to approve larger, multi-year software contracts. For ServiceNow, the direct impact is more limited given its low market-value debt weight (1.26%), which makes the company less sensitive to changes in borrowing costs. However, improved financing conditions for customers and a stronger backdrop for tech valuations still create a meaningful indirect tailwind.

Unemployment:

U.S. unemployment has moved through several major cycles over the past two decades. In the mid-2000s, the unemployment rate typically ranged between 4–5%, before climbing above 9% during the 2008–2009 financial crisis. As the recovery continued, unemployment steadily fell and reached about 3.5% just before the COVID-19 pandemic. The rate spiked in 2020 due to widespread shutdowns but quickly reversed, returning close to pre-pandemic levels by 2022. As of August 2025, U.S. unemployment sits at 4.3%, according to the Federal Reserve Bank of St. Louis [17].

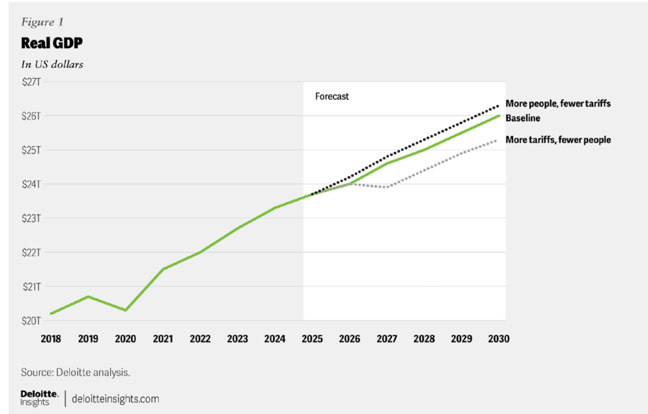
Looking forward, the Federal Reserve Bank of St. Louis projects unemployment to hold near 4.45% in 2025 and 2026 before gradually declining to 4.3% in 2027 and 4.15% by 2028. Deloitte's outlook is similar, forecasting unemployment around 4.5% in 2026 and easing to 3.9% by 2030. This pattern reflects the broader expectation that the economy will slow from its post-pandemic strength and that the effects of prior interest-rate hikes will continue to moderate hiring in the near term. As growth stabilizes and monetary policy becomes less restrictive, unemployment is expected to trend lower over the medium term [18] [20].

Rising unemployment changes how companies allocate software spending. When the labor market softens, businesses often delay larger or less essential tech projects, yet the need to maintain productivity with fewer employees can increase demand for automation, workflow tools, and AI solutions. At the same time, weaker labor markets can pressure software revenue models that rely heavily on seat-based or per-employee pricing, since slower hiring and workforce reductions limit user growth and renewal expansion. ServiceNow uses a mix of seat-based and consumption-based pricing and has been shifting more toward consumption-driven models, which ties revenue more directly to usage. Even so, a softer job market can still create a mixed backdrop where automation demand rises but seat-based modules grow more slowly. Overall, customers become more selective with budgets, but software that clearly reduces labor needs or improves efficiency tends to remain a priority [19].



Real GDP Growth:
Historically, U.S. real GDP has expanded at an average pace of 2.12% since 2000, with notable contractions during the 2001 dot-com downturn, the 2008–2009 financial crisis, and the brief but sharp pandemic recession in 2020. Growth rebounded strongly in 2021 before moderating again as the economy moved back toward long-run potential. U.S. GDP grew at an annualized 3.8 percent in Q2 2025, the strongest reading since late 2023 and most recently the New York Fed Nowcast stated a 2.31% Real GDP Growth [23].

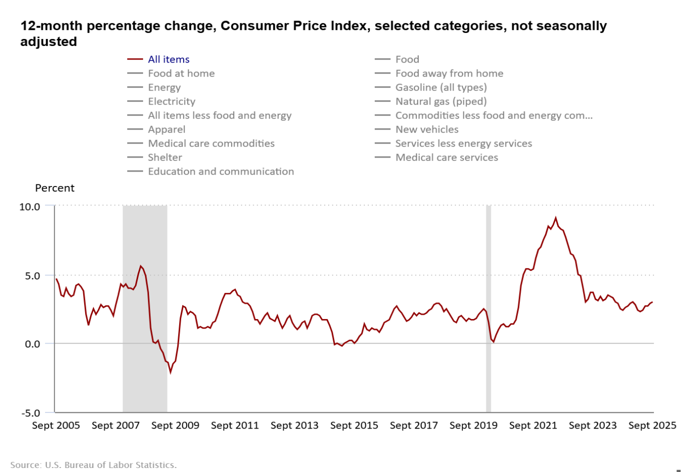
As the U.S. heads into late 2025, the economy faces a mix of relief and uncertainty following the 43-day federal government shutdown. While operations are restarting, The Conference Board notes that delayed spending and suspended contracts may trim about 0.5 percentage points from Q4 GDP before most of the impact is recovered in early 2026. Deloitte's baseline outlook expects real GDP growth to slow to about 1.8% in 2025 and 1.4% in 2026, with a modest rebound above 2% in 2027. Elevated tariffs, slower net migration, and softer consumer spending weigh on the forecast, while strong investment in AI helps offset some of the drag. Deloitte's alternative scenarios show that higher tariffs and weaker immigration could pull growth lower, while reduced trade barriers and stronger population gains would support a more resilient expansion [27] [28].



Real GDP growth influences overall technology budgets, which directly affects enterprise software providers like ServiceNow. S&P Global reports that global IT spending grew 8.3% in 2024, outpacing economic growth and showing that tech investment often remains resilient even in moderate macro environments. At the same time, a Deloitte survey found that in 2025, 46% of firms' digital-initiative budgets went to data and platform projects, with an average of 36% allocated specifically to AI. This shift toward AI-enabled automation supports demand for ServiceNow's workflow and AI products [29].

Even when overall IT spending remains solid, slower real GDP growth still influences how companies approach software investments. Research from Gartner and IDC shows that in softer economic periods, organizations tend to delay major implementation projects, extend approval timelines, and scale back multi-year application commitments, focusing more on essential productivity tools rather than broad platform expansions [26] [27].

Inflation:
U.S. inflation has moved through several distinct cycles over the past two decades. According to the U.S. Bureau of Labor Statistics, CPI inflation averaged around 2% for most of the 2010s, following a sharp drop during the 2008–2009 recession. Inflation remained stable through the late 2010s before surging dramatically in 2021–2022, when 12-month CPI increases peaked near 8–9%. As supply chains normalized and monetary policy tightened, inflation began to fall through 2023 and continued easing into 2024–2025, settling closer to the 3% range [21].



Inflation is expected to continue easing over the next several years. The Federal Reserve projects headline inflation moving from 3.0% in 2025 to 2.6% in 2026, 2.1% in 2027, and reaching 2.0% by 2028. J.P. Morgan expects a similar path and notes that the slowdown will come from cooling wage growth, easing shelter inflation as more housing supply enters the market, and the fading impact of earlier tariff-related price increases. While services inflation may take longer to normalize, most forecasts show inflation gradually moving back toward 2% rather than dropping quickly [30].

	2025	2026	2027	2028	Longer run
Actual	-	-	-	-	-
Upper End of Range	3.2	2.8	2.4	2.0	2.0
Upper End of Central Tendency	3.0	2.7	2.2	2.0	2.0
Median	3.0	2.6	2.1	2.0	2.0
Lower End of Central Tendency	2.9	2.4	2.0	2.0	2.0
Lower End of Range	2.5	2.2	2.0	2.0	2.0

Moderating inflation generally creates a more supportive backdrop for ServiceNow and the broader software industry. As inflation cools, companies gain better budget visibility and become more willing to commit to multi-year digital transformation projects, which benefits platforms like ServiceNow. Lower inflation also helps stabilize labor and operating costs for software vendors, easing some of the expense pressure that builds during high-inflation periods. Although elevated inflation can slow decision cycles for large implementations, continued easing tends to improve overall demand for large software and automation projects.

Valuation Discussion

Revenue Assumptions:

ServiceNow's revenue forecast is built on a conservative and realistic trajectory for its subscription business, with growth rates stepping down from roughly 22% in 2025 to 9% by 2034. This steady decline reflects the natural maturation curve of a company that is still expanding rapidly but has reached a scale where growth will normalize over time. While many mature software firms eventually settle into 5-7%, we assume a higher long-term rate for ServiceNow due to its significant remaining market opportunity, expanding workflow categories, and accelerating adoption of AI-driven productivity tools. The gradual tapering allows revenue growth to stabilize responsibly while still capturing the company's substantial runway for continued expansion.

Professional Services and Other revenue growth is held constant at 11.82% throughout the forecast period due to limited forward guidance and the segment's declining share of total revenue. Keeping the growth rate stable allows the segment to naturally fall to roughly 2.34% of total revenue by 2034, down from about 3.1% in 2024. This trend aligns with ServiceNow's strategic focus on scaling high-margin subscription revenue, increasing ACVs, and maintaining strong net retention, as customers rely more on standardized implementations and partner-led delivery.

Expense Assumptions:

The total cost of revenues, driven primarily by subscription and professional services, was forecasted using historical averages from 2015 to 2024 with outliers removed to improve accuracy. Subscription-related costs accounted for 17.68% of revenues and roughly 85% of total cost of revenues in 2024, and we project this ratio to gradually decline to 17.23% by 2034 as scale efficiencies continue. Professional services remain structurally low margin, making up just 3.14% of revenues in 2024, and we expect their share to fall to 2.34% by 2034, consistent with the past decade's trend.

Operating expenses were also forecasted using historical averages, and as a percentage of revenue they continue to decline, reaching 66.76% in 2024. Sales and marketing remains the largest component at 35.1%, reflecting the company's ongoing investments in customer acquisition and global expansion. As the business scales and subscription revenue becomes more efficient to grow, we model a steady annual reduction of roughly 0.9% in sales and marketing spend. This expectation aligns with historical patterns, as sales and marketing expenses have already decreased by about 6% over the past five years as a percent of revenue. R&D stays around 23% of revenue, consistent with its historical average, as AI development and platform innovation remain strategic priorities for sustaining long-term growth. G&A continues its downward trend, declining by roughly 0.8% each year through 2028 before stabilizing at 6.12% for the remainder of the forecast period. Together, these trends support ongoing operating leverage and set the foundation for continued margin expansion across the forecast horizon.

DCF_EP:

Our DCF and Economic Profit models form the core of our valuation. The risk-free rate is based on the 10-year U.S. Treasury yield, and beta is calculated using the average of weekly and monthly raw betas. These inputs have a meaningful influence on our Cost of Equity, which directly feeds into both models. We assume a 7% continuing value growth rate for NOPLAT, reflecting ServiceNow's strong long-term expansion potential. Under these assumptions, both the DCF and Economic Profit models produce an implied intrinsic value of **$873.73** per share.

Dividend Discount Model:

The Dividend Discount Model is not a meaningful valuation tool for ServiceNow because the company does not issue dividends. As a result, the model does not reflect the firm's cash-flow dynamics or long-term economics. For this reason, we disregard the implied value of **$170.79** generated by the DDM.

Relative Valuation Model

The relative valuation model serves as a market-based check on our assumptions by comparing ServiceNow's multiples to peers such as Salesforce, Workday, Adobe, and Oracle. The peer group trades at an average forward P/E of 41.75 for 2025 and 31.46 for 2026, while ServiceNow trades well above these at 99.2 and 74.4, reflecting the market's expectation of stronger growth and higher-quality recurring revenue.

The average PEG ratios of 2.39 (2025) and 1.91 (2026) contrast with ServiceNow's 4.0 and 3.0, reinforcing the premium the market assigns to its long-term expansion and platform durability. Similarly, the peer P/S ratio averages 12.08 versus ServiceNow's 28.35, and EV/EBITDA averages 71.09 versus ServiceNow's 42.52, showing that while ServiceNow commands a high revenue multiple, it is more reasonably valued on a cash-flow basis. Overall, the relative model is relevant as a sanity check, confirming that our assumptions for strong market growth and efficiency gains are consistent with the premium multiples the market assigns to ServiceNow.

WACC:
Our risk-free rate assumption uses the 10-year Treasury bond yield as of November 11, 2025. Beta is based on the average of the 2, 5, and 10 year weekly and monthly betas to smooth short-term volatility. The equity risk premium assumption is the midpoint between Aswath Damodaran's 2025 estimated ERP and the historical average ERP from 2000 through 2024. Combining these inputs produced a cost of equity of 9.77%.

The pretax cost of debt was estimated using the median yield on A and A minus rated 10-year corporate bonds. This resulted in a default premium of 0.77% and an after-tax cost of debt of 3.77%. Using a capital structure of 98.73% market value equity and 1.27% market value debt, our weighted average cost of capital is 9.69%.

Sensitivity Analysis

ServiceNow's intrinsic value is driven largely by the assumptions of its long-term NOPLAT growth. Because ServiceNow has consistently outperformed consensus earnings expectations in 2025, maintains a strong and trusted brand within enterprise software, and benefits from optimistic AI growth, we apply a more ambitious terminal NOPLAT growth rate of 7%. At this level, the continuing value accounts for the majority of the firm's operating asset value and supports an implied valuation of roughly $873.73 per share. The sensitivity table below reinforces how impactful this assumption is, as even small shifts in the long-term NOPLAT growth rate can change the implied share price by more than $100, highlighting how sensitive the model is to variations in long-run profitability expectations.

WACC \ CV Growth of NOPLAT							
873.73	6.40%	6.60%	6.80%	7.00%	7.20%	7.40%	7.60%
9.40%	819.04	866.69	921.68	985.82	1061.63	1152.60	1263.79
9.50%	791.22	835.35	886.03	944.81	1,013.82	1,095.97	1,195.41
9.60%	765.15	806.12	852.95	906.97	970.01	1,044.50	1,133.89
9.69%	741.92	780.18	823.72	873.73	931.75	999.89	1,081.04
9.80%	717.65	753.18	793.44	839.45	892.54	954.48	1,027.69
9.90%	695.96	729.13	766.59	809.21	858.14	914.90	981.54
10.00%	675.49	706.52	741.43	780.99	826.21	878.38	939.25

Our valuation is also highly sensitive to the assumptions driving our weighted average cost of capital (WACC), which we estimate at 9.7% based on ServiceNow's higher beta and the elevated equity risk premium in today's market. Because a large portion of ServiceNow's value comes from continuing cash flows, even small changes in the discount rate meaningfully shift the intrinsic valuation.

The sensitivity table below shows that modest increases in beta or the equity risk premium can push the implied valuation below $600 per share, while reductions in these inputs can raise it well above $2,000. This emphasizes how changes in investor-required returns and market sentiment play a critical role in the final valuation outcome.

Equity Risk Premium \ Beta							
873.73	0.92	1.02	1.12	1.22	1.32	1.42	1.52
4.60%	2,032.43	1,459.10	1,136.13	937.64	785.15	679.38	598.44
4.65%	1,955.86	1,414.66	1,106.20	915.34	768.03	665.51	586.87
4.70%	1,884.80	1,372.81	1,077.79	894.06	751.63	652.19	575.72
4.75%	1,818.66	1,333.34	1,050.77	873.73	735.90	639.38	564.99
4.80%	1,756.96	1,296.04	1,025.06	854.29	720.81	627.06	554.65
4.85%	1,699.27	1,260.74	1,000.56	835.68	706.32	615.19	544.67
4.90%	1,645.19	1,227.29	977.19	817.85	692.39	603.77	535.04

The sensitivity table below highlights how ServiceNow's valuation hinges on the tradeoff between subscription revenue growth and capital spending. Faster 2025 subscription revenue growth pushes the implied stock price meaningfully higher, reinforcing how critical recurring-revenue momentum is to the model. Conversely, as CapEx becomes more negative, indicating larger investment outlays, the valuation steadily declines, reflecting reduced free cash flow and heavier reinvestment needs. The difference in outcomes shows that even small shifts in either variable can materially move the stock price, underscoring ServiceNow's sensitivity to growth efficiency and capital allocation discipline.

2025 Capex \ 2025 Subscription Revenue growth							
873.73	19%	20%	21%	22%	23%	24%	25%
(722.43)	877.94	885.78	893.63	901.48	909.32	917.17	925.02
(822.43)	868.69	876.53	884.38	892.23	900.07	907.92	915.77
(922.43)	859.44	867.28	875.13	882.98	890.82	898.67	906.52
(1,022.43)	850.19	858.03	865.88	873.73	881.57	889.42	897.27
(1,122.43)	840.94	848.78	856.63	864.48	872.32	880.17	888.02
(1,222.43)	831.69	839.53	847.38	855.23	863.07	870.92	878.77
(1,322.43)	822.44	830.28	838.13	845.98	853.82	861.67	869.52

ServiceNow's valuation shows limited sensitivity to changes in both the marginal tax rate and pre-tax cost of debt, with the implied share price holding within a narrow $841–$906 range across the table. Even as tax rates rise and borrowing costs increase, the modest valuation shifts highlight ServiceNow's low reliance on debt financing and the strength of its subscription-driven cash flows. This stability reinforces that the company's intrinsic value is driven far more by operating performance and long-term growth expectations than by capital-structure assumptions.

Pre-Tax Cost of Debt \ Marginal Tax Rate							
873.73	18%	19%	20%	21%	22%	23%	24%
4.47%	906.40	895.69	884.97	874.25	863.52	852.79	842.05
4.57%	906.21	895.50	884.79	874.07	863.35	852.63	841.90
4.67%	906.01	895.31	884.61	873.90	863.19	852.47	841.74
4.77%	905.82	895.13	884.43	873.73	863.02	852.31	841.59
4.87%	905.62	894.94	884.25	873.55	862.85	852.15	841.43
4.97%	905.43	894.75	884.07	873.38	862.69	851.98	841.28
5.07%	905.24	894.57	883.89	873.21	862.52	851.82	841.13

ServiceNow's valuation is highly responsive to both the risk-free rate and its normalized cash estimate. As Treasury yields rise from 3.70% to 4.30%, the implied share price steadily falls, reflecting the heavier discount applied to long-duration cash flows. In contrast, stronger normalized cash generation lifts valuation across every scenario. The wide gap between the best- and worst-case outcomes underscores how even small shifts in these assumptions can materially change the stock price, highlighting the model's sensitivity to both interest-rate conditions and ServiceNow's cash-flow strength.

Risk-Free Rate \ Normal Cash Estimate							
873.73	17.29%	18.29%	19.29%	20.29%	21.29%	22.29%	23.29%
3.70%	997.04	992.72	988.41	984.10	979.78	975.47	971.15
3.80%	956.93	952.75	948.57	944.38	940.20	936.02	931.83
3.90%	919.89	915.83	911.77	907.70	903.64	899.58	895.52
4%	885.57	881.62	877.67	873.73	869.78	865.83	861.88
4.10%	853.69	849.85	846.01	842.16	838.32	834.47	830.63
4.20%	824.00	820.26	816.51	812.76	809.02	805.27	801.53
4.30%	796.29	792.63	788.98	785.32	781.66	778.01	774.35

The sensitivity table shows that ServiceNow's valuation moves materially with both NOPLAT and the cost of equity. Higher NOPLAT levels push the implied share price sharply higher, demonstrating how operating profit growth directly lifts equity value. Meanwhile, rising cost-of-equity assumptions reduce valuation across all scenarios as investors demand higher returns on long-duration cash flows. The range of outcomes, spanning from the high $700s to nearly $1,000 per share, highlights the model's sensitivity to both execution and market conditions and highlights the importance of sustained profit expansion and a stable risk environment in supporting ServiceNow's valuation.

NOPLAT \ Cost of Equity							
874.14	9.47%	9.57%	9.67%	9.77%	9.87%	9.97%	10.07%
270.90	977.41	937.66	900.96	866.96	835.38	805.96	778.51
770.90	979.80	940.06	903.35	869.35	837.77	808.36	780.90
1270.90	982.19	942.45	905.74	871.74	840.16	810.75	783.29
1770.90	984.59	944.84	908.14	874.14	842.55	813.14	785.68
2270.90	986.98	947.23	910.53	876.53	844.94	815.53	788.07
2770.90	989.37	949.63	912.92	878.92	847.34	817.92	790.46
3270.90	991.76	952.02	915.31	881.31	849.73	820.32	792.86

Conclusion:

As a result, we maintain a cautiously optimistic view of ServiceNow's long-term growth potential, supported by strong platform expansion and increasing adoption of AI-driven workflows. However, given current market volatility and uncertainty surrounding the pace and durability of AI-related growth, we do not believe the risk-reward profile supports a new position at this time. As a result, we recommend a **HOLD** on ServiceNow.

Important Disclaimer:

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ServiceNow

Income Statement

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Subscription	848.3	1,234.1	1,739.5	2,421.3	3,255.0	4,286.0	5,573.0	6,891.0	8,680.0	10,646.0
Professional services and other	157.2	156.9	179.0	187.5	205.0	233.0	323.0	354.0	291.0	338.0
Total revenues:	**1,005.5**	**1,391.0**	**1,918.5**	**2,608.8**	**3,460.0**	**4,519.0**	**5,896.0**	**7,245.0**	**8,971.0**	**10,984.0**
Cost Of Revenues										
Cost of Revenues w/o D&A	**(269.1)**	**(315.9)**	**(386.0)**	**(473.1)**	**(544.0)**	**(651.0)**	**(881.0)**	**(1,140.0)**	**(1,359.0)**	**(1,723.0)**
Depreciation and amortization	(60.4)	(83.1)	(113.9)	(149.6)	(252.0)	(336.0)	(472.0)	(433.0)	(562.0)	(564.0)
Subscription	(183.4)	(235.4)	(315.6)	(417.4)	(549.0)	(731.0)	(1,022.0)	(1,187.0)	(1,606.0)	(1,942.0)
Professional services and other	(146.0)	(163.6)	(184.3)	(205.2)	(247.0)	(256.0)	(331.0)	(386.0)	(315.0)	(345.0)
Total cost of revenues	**(329.4)**	**(399.0)**	**(499.9)**	**(622.7)**	**(796.0)**	**(987.0)**	**(1,353.0)**	**(1,573.0)**	**(1,921.0)**	**(2,287.0)**
Gross profit	**676.1**	**992.0**	**1,418.6**	**1,986.2**	**2,664.0**	**3,532.0**	**4,543.0**	**5,672.0**	**7,050.0**	**8,697.0**
Operating Expenses										
Sales and marketing	(498.4)	(660.0)	(895.0)	(1,203.1)	(1,534.0)	(1,855.0)	(2,292.0)	(2,814.0)	(3,301.0)	(3,854.0)
Research and development	(217.4)	(285.2)	(377.5)	(529.5)	(749.0)	(1,024.0)	(1,397.0)	(1,768.0)	(2,124.0)	(2,543.0)
General and administrative	(126.6)	(158.9)	(210.5)	(296.0)	(339.0)	(454.0)	(597.0)	(735.0)	(863.0)	(936.0)
Legal settlement	-	(270.0)	-	-	-	-	-	-	-	-
Total operating expenses	**(842.4)**	**(1,374.2)**	**(1,483.0)**	**(2,028.6)**	**(2,622.0)**	**(3,333.0)**	**(4,286.0)**	**(5,317.0)**	**(6,288.0)**	**(7,333.0)**
Loss / income from operations		**(382.2)**	**(64.4)**	**(42.4)**	**42.0**	**199.0**	**257.0**	**355.0**	**762.0**	**1,364.0**
Other Expenses/Income										
Interest expense	(31.1)	(33.3)	(53.4)	(52.7)	(33.0)	(33.0)	(28.0)	(38.0)	(56.0)	(45.0)
Interest income	4.5	5.0	4.4	56.1	58.0	(16.0)	20.0	82.0	302.0	419.0
Interest income and other income / expense, net	**(26.6)**	**(28.3)**	**(49.0)**	**3.4**	**25.0**	**(49.0)**	**(8.0)**	**44.0**	**246.0**	**374.0**
Taxes and NI										
Loss / income before provision for income taxes	**(193.0)**	**(410.4)**	**(113.4)**	**(39.0)**	**67.0**	**150.0**	**249.0**	**399.0**	**1,008.0**	**1,738.0**
Provision for / benefit from income taxes	(5.4)	(3.8)	(3.4)	12.3	560.0	(31.0)	(19.0)	(74.0)	723.0	(313.0)
Net loss / income	**(198.4)**	**(414.2)**	**(116.8)**	**(26.7)**	**626.7**	**119.0**	**230.0**	**325.0**	**1,731.0**	**1,425.0**
Shares Outstanding										
EPS (basic)	(1.3)	(2.8)	(0.7)	(0.2)	3.4	0.6	1.2	1.6	8.5	6.9
Total Shares Outstanding	160.8	167.4	174.3	180.2	189.5	195.8	199.6	202.9	204.7	206.5
Annual Dividens Per Share	-	-	-	-	-	-	-	-	-	-
Weighted average shares										

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Subscription	12,988.1	15,585.7	18,391.2	21,517.7	24,960.5	28,704.6	32,436.2	36,004.2	39,604.6	43,169.0
Professional services and other	378.0	422.7	472.6	528.5	591.0	660.9	739.0	826.4	924.1	1,033.4
Total revenues:	**13,366.1**	**16,008.4**	**18,863.8**	**22,046.2**	**25,551.5**	**29,365.5**	**33,175.2**	**36,830.6**	**40,528.7**	**44,202.4**
Cost Of Revenues										
Cost of Revenues w/o D&A	**(2,041.5)**	**(2,445.0)**	**(2,881.2)**	**(3,367.2)**	**(3,902.6)**	**(4,485.1)**	**(5,067.0)**	**(5,625.3)**	**(6,190.1)**	**(6,472.8)**
Depreciation and amortization	(732.2)	(852.7)	(999.6)	(1,165.7)	(1,344.2)	(1,528.0)	(1,709.8)	(1,881.3)	(2,052.1)	(2,228.2)
Subscription	(2,290.9)	(2,749.1)	(3,243.9)	(3,795.4)	(4,402.6)	(5,063.0)	(5,721.2)	(6,350.6)	(6,985.6)	(7,614.3)
Professional services and other	(397.5)	(444.5)	(497.0)	(555.8)	(621.5)	(695.0)	(777.2)	(869.0)	(971.8)	(1,086.7)
Total cost of revenues	**(2,688.4)**	**(3,193.5)**	**(3,740.9)**	**(4,351.2)**	**(5,024.1)**	**(5,758.0)**	**(6,498.4)**	**(7,219.6)**	**(7,957.4)**	**(8,701.0)**
Gross profit	**10,677.7**	**12,814.9**	**15,122.9**	**17,695.0**	**20,527.4**	**23,607.4**	**26,676.8**	**29,611.0**	**32,571.3**	**35,501.3**
Operating Expenses										
Sales and marketing	(4,569.5)	(5,472.9)	(6,279.3)	(7,140.2)	(8,045.5)	(8,982.1)	(9,848.9)	(10,602.6)	(11,302.4)	(11,929.1)
Research and development	(2,958.4)	(3,543.2)	(4,175.2)	(4,879.6)	(5,655.4)	(6,499.6)	(7,342.8)	(8,151.8)	(8,970.4)	(9,783.5)
General and administrative	(1,032.1)	(1,108.0)	(1,154.7)	(1,349.6)	(1,564.1)	(1,797.6)	(2,030.8)	(2,254.6)	(2,481.0)	(2,705.8)
Legal settlement	-	-	-	-	-	-	-	-	-	-
Total operating expenses	**(8,559.9)**	**(10,124.1)**	**(11,609.2)**	**(13,369.3)**	**(15,265.0)**	**(17,279.3)**	**(19,222.5)**	**(21,009.0)**	**(22,753.7)**	**(24,418.4)**
Loss / income from operations	**2,117.8**	**2,690.8**	**3,513.7**	**4,325.7**	**5,262.3**	**6,328.1**	**7,454.4**	**8,602.0**	**9,817.6**	**11,083.0**
Other Expenses/Income										
Interest expense	(108.7)	(108.1)	(114.5)	(121.8)	(129.6)	(137.7)	(74.1)	(81.5)	(88.9)	(96.5)
Interest income	355.4	404.5	484.7	590.1	723.2	888.4	1,037.0	1,276.1	1,550.1	1,865.6
Interest income and other income / expense, net	**246.8**	**296.4**	**370.2**	**468.3**	**593.5**	**750.7**	**962.9**	**1,194.6**	**1,461.1**	**1,769.0**
Taxes and NI										
Loss / income before provision for income taxes	**2,364.5**	**2,987.2**	**3,883.9**	**4,794.0**	**5,855.9**	**7,078.9**	**8,417.2**	**9,796.6**	**11,278.7**	**12,852.0**
Provision for / benefit from income taxes	(496.6)	(627.3)	(815.6)	(1,006.7)	(1,229.7)	(1,486.6)	(1,767.6)	(2,057.3)	(2,368.5)	(2,698.9)
Net loss / income	**1,770.9**	**2,359.9**	**3,068.3**	**3,787.3**	**4,626.1**	**5,592.3**	**6,649.6**	**7,739.3**	**8,910.2**	**10,153.1**
Shares Outstanding										
EPS (basic)	**8.6**	**11.4**	**14.9**	**18.4**	**22.5**	**27.3**	**32.5**	**37.9**	**43.7**	**49.9**
Total Shares Outstanding	206.7	206.2	205.8	205.4	205.1	204.8	204.5	204.1	203.8	203.4
Annual Dividens Per Share	-	-	-	-	-	-	-	-	-	-
Weighted average shares										

All figures in millions of U.S. Dollar except per share items.

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Common Size Income Statement

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:																				
Subscription	84.37%	88.72%	90.67%	92.81%	94.08%	94.84%	94.52%	95.11%	96.76%	96.92%	97.17%	97.36%	97.49%	97.60%	97.69%	97.75%	97.77%	97.76%	97.72%	97.66%
Professional services and other	15.63%	11.28%	9.33%	7.19%	5.92%	5.16%	5.48%	4.89%	3.24%	3.08%	2.83%	2.64%	2.51%	2.40%	2.31%	2.25%	2.23%	2.24%	2.28%	2.34%
Total revenues	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of Revenues:																				
Cost of Revenues w/o D&A	-26.76%	-22.71%	-20.12%	-18.13%	-15.72%	-14.41%	-14.94%	-15.73%	-15.15%	-15.69%	-15.27%	-15.27%	-15.27%	-15.27%	-15.27%	-15.27%	-15.27%	-15.27%	-15.27%	-14.64%
Depreciation and amortization	-6.00%	-5.97%	-5.94%	-5.73%	-7.28%	-7.44%	-8.01%	-5.98%	-6.26%	-5.13%	-5.48%	-5.33%	-5.30%	-5.29%	-5.26%	-5.20%	-5.15%	-5.11%	-5.06%	-5.04%
Subscription	-18.24%	-16.92%	-16.45%	-16.00%	-15.87%	-16.18%	-17.33%	-16.38%	-17.90%	-17.68%	-17.14%	-17.17%	-17.20%	-17.22%	-17.23%	-17.24%	-17.25%	-17.24%	-17.24%	-17.23%
Professional services and other	-14.52%	-11.76%	-9.61%	-7.87%	-7.14%	-5.66%	-5.61%	-5.33%	-3.51%	-3.14%	-2.97%	-2.78%	-2.63%	-2.52%	-2.43%	-2.37%	-2.34%	-2.36%	-2.40%	-2.46%
Total cost of revenues	**-32.76%**	**-28.68%**	**-26.05%**	**-23.87%**	**-23.01%**	**-21.84%**	**-22.95%**	**-21.71%**	**-21.41%**	**-20.82%**	**-20.11%**	**-19.95%**	**-19.83%**	**-19.74%**	**-19.66%**	**-19.61%**	**-19.59%**	**-19.60%**	**-19.63%**	**-19.68%**
Gross profit	**67.24%**	**71.32%**	**73.95%**	**76.13%**	**76.99%**	**78.16%**	**77.05%**	**78.29%**	**78.59%**	**79.18%**	**79.89%**	**80.05%**	**80.17%**	**80.26%**	**80.34%**	**80.39%**	**80.41%**	**80.40%**	**80.37%**	**80.32%**
Operating Expenses:																				
Sales and marketing	-49.57%	-47.45%	-46.65%	-46.12%	-44.34%	-41.05%	-38.87%	-38.84%	-36.80%	-35.09%	-34.19%	-34.19%	-33.29%	-32.39%	-31.49%	-30.59%	-29.69%	-28.79%	-27.89%	-26.99%
Research and development	-21.62%	-20.51%	-19.68%	-20.30%	-21.65%	-22.66%	-23.69%	-24.40%	-23.68%	-23.15%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%	-22.13%
General and administrative	-12.59%	-11.43%	-10.97%	-11.35%	-9.80%	-10.05%	-10.13%	-10.14%	-9.62%	-8.52%	-7.72%	-6.92%	-6.12%	-6.12%	-6.12%	-6.12%	-6.12%	-6.12%	-6.12%	-6.12%
Legal settlement	0.00%	-19.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total operating expenses	**-83.78%**	**-98.79%**	**-77.30%**	**-77.76%**	**-75.78%**	**-73.76%**	**-72.69%**	**-73.39%**	**-70.09%**	**-66.76%**	**-64.04%**	**-63.24%**	**-61.54%**	**-60.64%**	**-59.74%**	**-58.84%**	**-57.94%**	**-57.04%**	**-56.14%**	**-55.24%**
Loss / income from operations	**0.00%**	**-27.47%**	**-3.36%**	**-1.63%**	**1.21%**	**4.40%**	**4.36%**	**4.90%**	**8.49%**	**12.42%**	**15.84%**	**16.81%**	**18.63%**	**19.62%**	**20.59%**	**21.55%**	**22.47%**	**23.36%**	**24.22%**	**25.07%**
Other Expenses/Income:																				
Interest expense	-3.09%	-2.39%	-2.78%	-2.02%	-0.95%	-0.73%	-0.47%	-0.52%	-0.62%	-0.41%	-0.81%	-0.68%	-0.61%	-0.55%	-0.51%	-0.47%	-0.22%	-0.22%	-0.22%	-0.22%
Interest income	-0.54%	-0.28%	-0.18%	0.47%	16.18%	-0.69%	-0.32%	-1.02%	8.06%	-2.85%	-3.72%	-3.92%	-4.32%	-4.57%	-4.81%	-5.06%	-5.33%	-5.59%	-5.84%	-6.11%
Interest income and other income / expense, net	**-2.65%**	**-2.03%**	**-2.55%**	**0.13%**	**0.72%**	**-1.08%**	**-0.14%**	**0.61%**	**2.74%**	**3.40%**	**1.85%**	**1.85%**	**1.96%**	**2.12%**	**2.32%**	**2.56%**	**2.90%**	**3.24%**	**3.61%**	**4.00%**
Taxes and NI																				
Loss / income before provision for income taxes	-19.20%	-29.51%	-5.91%	-1.50%	1.94%	3.32%	4.22%	5.51%	11.24%	15.82%	17.69%	18.66%	20.59%	21.75%	22.92%	24.11%	25.37%	26.60%	27.83%	29.08%
Provision for / benefit from income taxes	-0.54%	-0.28%	-0.18%	0.47%	16.18%	-0.69%	-0.32%	-1.02%	8.06%	-2.85%	-3.72%	-3.92%	-4.32%	-4.57%	-4.81%	-5.06%	-5.33%	-5.59%	-5.84%	-6.11%
Net loss / income	**-19.73%**	**-29.78%**	**-6.09%**	**-1.02%**	**18.11%**	**2.63%**	**3.90%**	**4.49%**	**19.30%**	**12.97%**	**13.25%**	**14.74%**	**16.27%**	**17.18%**	**18.11%**	**19.04%**	**20.04%**	**21.01%**	**21.98%**	**22.97%**

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Balance Sheet

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets:																				
Cash and cash equivalents	412.3	401.2	726.5	566.2	775.8	1,677.0	1,728.0	1,470.0	1,897.0	2,304.0	3,542.3	5,494.0	8,134.9	11,534.0	15,816.3	19,622.8	25,934.9	33,202.3	41,611.5	51,207.4
Restricted cash																				
Short-term investments	388.9	498.1	1,052.8	931.7	915.3	1,415.0	1,576.0	2,810.0	2,980.0	3,458.0	3,582.5	3,711.5	3,845.1	3,983.5	4,126.9	4,275.5	4,429.4	4,588.8	4,754.0	4,925.2
Accounts receivable, net	203.3	322.8	437.1	574.8	835.3	1,009.0	1,390.0	1,725.0	2,036.0	2,240.0	3,050.6	3,653.7	4,305.4	5,031.8	5,831.8	6,702.3	7,571.8	8,406.1	9,250.2	10,088.6
Current portion of deferred commissions	52.0	76.8	109.6	139.9	175.0	229.0	303.0	369.0	461.0	517.0	672.9	805.9	949.6	1,109.8	1,286.3	1,478.3	1,670.1	1,854.1	2,040.2	2,225.2
Prepaid expenses and other current assets	29.1	43.6	96.0	132.1	125.5	192.0	223.0	280.0	403.0	668.0	812.9	973.6	1,147.2	1,340.8	1,553.9	1,785.9	2,017.6	2,239.9	2,464.8	2,688.2
Total current assets	**1,085.6**	**1,342.5**	**2,422.0**	**2,344.7**	**2,826.9**	**4,522.0**	**5,220.0**	**6,654.0**	**7,777.0**	**9,187.0**	**11,661.1**	**14,638.6**	**18,382.2**	**22,999.8**	**28,615.3**	**33,864.7**	**41,623.7**	**50,291.2**	**60,120.7**	**71,134.6**
Deferred commissions, less current portion	33.0	62.0	224.3	282.5	333.4	444.0	623.0	742.0	919.0	999.0	1,200.0	1,437.2	1,693.6	1,979.3	2,294.0	2,636.4	2,978.5	3,306.6	3,638.7	3,968.5
Long-term investments	422.7	262.7	391.4	581.9	1,013.3	1,468.0	1,630.0	2,117.0	3,203.0	4,111.0	4,259.0	4,412.3	4,571.2	4,735.7	4,906.2	5,082.8	5,265.8	5,455.4	5,651.8	5,855.2
Property and equipment, net	144.7	181.6	245.1	347.2	468.1	660.0	766.0	1,053.0	1,358.0	1,763.0	2,053.2	2,407.0	2,806.8	3,236.5	3,679.2	4,116.8	4,529.8	4,941.2	5,365.1	5,811.0
Operating lease right-of-use assets				-	402.4	454.0	591.0	682.0	715.0	693.0	807.1	946.1	1,103.3	1,272.2	1,446.2	1,618.2	1,780.6	1,942.3	2,108.9	2,284.2
Total Long-term Assets	**600.4**	**506.3**	**860.8**	**1,211.6**	**2,217.3**	**3,026.0**	**3,610.0**	**4,594.0**	**6,195.0**	**7,566.0**	**8,319.3**	**9,202.6**	**10,174.9**	**11,223.8**	**12,325.7**	**13,454.2**	**14,554.7**	**15,645.5**	**16,764.4**	**17,918.9**
Deferred tax assets	-	-	-	20.6	599.6	673.0	692.0	636.0	1,508.0	1,385.0	1,542.1	1,699.1	1,856.2	2,013.3	2,170.4	2,327.4	2,484.5	2,641.6	2,798.7	2,955.7
Other assets excluding deferred tax assets	-	-	-	52.8	78.0	100.0	212.0	359.0	452.0	763.0	790.5	818.9	848.4	878.9	910.6	943.4	977.3	1,012.5	1,049.0	1,086.7
Intangible assets, net	43.0	65.9	86.9	100.6	143.9	153.0	287.0	232.0	224.0	209.0	129.0	79.0	43.0	15.0	2.0	-	-	-	-	-
Other assets	**65.4**	**102.4**	**138.7**	**174.0**	**821.5**	**926.0**	**1,191.0**	**1,227.0**	**2,184.0**	**2,357.0**	**2,461.5**	**2,597.1**	**2,747.6**	**2,907.2**	**3,083.0**	**3,270.8**	**3,461.8**	**3,654.1**	**3,847.6**	**4,042.5**
Goodwill	55.7	82.5	128.7	148.8	156.8	241.0	777.0	824.0	1,231.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0	1,273.0
Total assets	**1,807.1**	**2,033.8**	**3,550.2**	**3,879.1**	**6,022.4**	**8,715.0**	**10,798.0**	**13,299.0**	**17,387.0**	**20,383.0**	23,715.0	27,711.3	32,577.7	38,403.8	45,296.9	51,862.8	60,913.3	70,863.8	82,005.8	94,369.0
Liabilities and Stockholders Equity:																				
Current Liabilities:																				
Accounts payable	37.4	38.1	32.1	30.7	53.0	34.0	89.0	274.0	126.0	68.0	213.8	256.1	301.8	352.7	408.7	469.8	530.7	589.2	648.3	707.1
Accrued expenses and other current liabilities	101.3	171.6	253.3	330.2	461.4	668.0	850.0	975.0	1,365.0	1,369.0	1,762.3	2,110.6	2,487.1	2,906.7	3,368.9	3,871.7	4,374.0	4,855.9	5,343.5	5,827.9
Current portion of deferred revenue	593.0	861.8	1,210.7	1,651.6	2,185.8	2,963.0	3,836.0	4,660.0	5,785.0	6,819.0	8,297.8	9,858.2	11,522.2	13,355.8	15,351.7	17,496.3	19,600.3	21,575.8	23,539.6	25,452.3
Current portion of long term debt	-	-	543.4	-	52.7	72.0	82.0	96.0	89.0	102.0	-	-	-	-	1,499.0	-	-	-	-	-
Current debt, net	-	-	-	-	-	-	92.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**731.6**	**1,071.5**	**2,039.5**	**2,012.6**	**2,752.8**	**3,737.0**	**4,949.0**	**6,005.0**	**7,365.0**	**8,358.0**	**10,273.9**	**12,224.9**	**14,311.1**	**16,615.2**	**20,628.2**	**21,837.8**	**24,505.0**	**27,020.9**	**29,531.4**	**31,987.2**
Deferred revenue, less current portion	10.8	33.3	36.1	38.6	40.0	45.0	63.0	70.0	81.0	95.0	132.7	158.9	187.2	218.8	253.6	291.5	329.3	365.6	402.3	438.7
Operating lease liabilities, less current portion	-	-	-	-	383.2	423.0	556.0	650.0	707.0	687.0	774.5	908.0	1,058.8	1,220.9	1,387.9	1,552.9	1,708.8	1,863.9	2,023.8	2,192.1
Long term debt	474.5	507.8	630.0	661.7	695.0	1,640.0	1,484.0	1,486.0	1,488.0	1,489.0	1,491.0	1,493.0	1,495.0	1,497.0	-	-	-	-	-	-
Other long-term liabilities	23.3	34.2	65.9	55.1	23.5	36.0	51.0	56.0	118.0	145.0	174.0	208.8	250.6	300.7	360.8	433.0	519.6	623.5	748.2	897.8
Total Long term Liabilities	**508.6**	**575.3**	**732.0**	**755.4**	**1,141.7**	**2,144.0**	**2,154.0**	**2,262.0**	**2,394.0**	**2,416.0**	**2,572.2**	**2,768.7**	**2,991.6**	**3,237.4**	**2,002.3**	**2,277.4**	**2,557.6**	**2,853.0**	**3,174.3**	**3,528.6**
Total liabilities	**1,240.2**	**1,646.8**	**2,771.5**	**2,767.9**	**3,894.5**	**5,881.0**	**7,103.0**	**8,267.0**	**9,759.0**	**10,774.0**	**12,846.1**	**14,993.5**	**17,302.7**	**19,852.6**	**22,630.6**	**24,115.1**	**27,062.6**	**29,873.9**	**32,705.7**	**35,515.8**
Stockholders Equity:																				
Preferred stock	-	-	-	-	-	-	-	-	-	-										
Treasury	-	-	-	-	-	-	-	-	(535.0)	(1,219.0)	(1,819.0)	(2,419.0)	(3,019.0)	(3,619.0)	(4,219.0)	(4,819.0)	(5,419.0)	(6,019.0)	(6,619.0)	(7,219.0)
Aditional Paid In capital	-	-	-	-	-	-	-	-	6,131.0	7,402.0	7,491.0	7,579.9	7,668.9	7,757.9	7,846.9	7,935.8	7,989.2	7,989.2	7,989.2	7,989.2
Common Equity	1,140.7	1,405.5	1,731.5	2,094.0	2,454.9	2,974.0	3,665.0	4,796.0	5,596.0	6,183.0	**5,672.0**	**5,160.9**	**4,649.9**	**4,138.9**	**3,627.9**	**3,116.8**	**2,570.2**	**1,970.2**	**1,370.2**	**770.2**
Accumulated other comprehensive loss / income	(16.9)	(21.1)	5.8	(4.0)	25.3	94.0	34.0	(102.0)	(37.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)
Retained earnings / accumulated deficit	(557.0)	(997.4)	(958.6)	(978.8)	(352.2)	(234.0)	(4.0)	338.0	2,069.0	3,494.0	5,264.9	7,624.8	10,693.0	14,480.3	19,106.5	24,698.8	31,348.4	39,087.7	47,997.9	58,150.9
Total stockholders' equity / deficit	**566.8**	**387.0**	**778.7**	**1,111.2**	**2,127.9**	**2,834.0**	**3,695.0**	**5,032.0**	**7,628.0**	**9,609.0**	10,868.9	12,717.7	15,275.0	18,551.2	22,666.3	27,747.6	33,850.6	40,989.9	49,300.1	58,853.1
Total liabilities and stockholders' equity / deficit	1,807.1	2,033.8	3,550.2	3,879.1	6,022.4	8,715.0	10,798.0	13,299.0	17,387.0	20,383.0	**23,715.0**	**27,711.3**	**32,577.7**	**38,403.8**	**45,296.9**	**51,862.8**	**60,913.3**	**70,863.8**	**82,005.8**	**94,369.0**
											-	-	-	-	-	-	-	-	-	-
												-	-	-	-	-	-	-	-	-

ServiceNow

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets:																				
Cash and cash equivalents	22.8	19.7	20.5	14.6	12.9	19.2	16.0	11.1	10.9	11.3	14.9%	19.8%	25.0%	30.0%	34.9%	37.8%	42.6%	46.9%	50.7%	54.3%
Short-term investments	21.5	24.5	29.7	24.0	15.2	16.2	14.6	21.1	17.1	17.0	15.1%	13.4%	11.8%	10.4%	9.1%	8.2%	7.3%	6.5%	5.8%	5.2%
Accounts receivable, net	11.3	15.9	12.3	14.8	13.9	11.6	12.9	13.0	11.7	11.0	12.9%	13.2%	13.2%	13.1%	12.9%	12.9%	12.4%	11.9%	11.3%	10.7%
Current portion of deferred commissions	2.9	3.8	3.1	3.6	2.9	2.6	2.8	2.8	2.7	2.5	2.8%	2.9%	2.9%	2.9%	2.8%	2.9%	2.7%	2.6%	2.5%	2.4%
Prepaid expenses and other current ass	1.6	2.1	2.7	3.4	2.1	2.2	2.1	2.1	2.3	3.3	3.4%	3.5%	3.5%	3.5%	3.4%	3.4%	3.3%	3.2%	3.0%	2.8%
Total current assets	**60.1**	**66.0**	**68.2**	**60.4**	**46.9**	**51.9**	**48.3**	**50.0**	**44.7**	**45.1**	49.2%	52.8%	56.4%	59.9%	63.2%	65.3%	68.3%	71.0%	73.3%	75.4%
Deferred commissions, less current port	1.8	3.0	6.3	7.3	5.5	5.1	5.8	5.6	5.3	4.9	5.1%	5.2%	5.2%	5.2%	5.1%	5.1%	4.9%	4.7%	4.4%	4.2%
Long-term investments	23.4	12.9	11.0	15.0	16.8	16.8	15.1	15.9	18.4	20.2	18.0%	15.9%	14.0%	12.3%	10.8%	9.8%	8.6%	7.7%	6.9%	6.2%
Property and equipment, net	8.0	8.9	6.9	9.0	7.8	7.6	7.1	7.9	7.8	8.6	8.7%	8.7%	8.6%	8.4%	8.1%	7.9%	7.4%	7.0%	6.5%	6.2%
Operating lease right-of-use assets	-	-	-	0.0	6.7	5.2	5.5	5.1	4.1	3.4	3.4%	3.4%	3.4%	3.3%	3.2%	3.1%	2.9%	2.7%	2.6%	2.4%
Total Long-Term Assets	**33%**	**25%**	**24%**	**31%**	**37%**	**35%**	**33%**	**35%**	**36%**	**37%**	**35%**	**33%**	**31%**	**29%**	**27%**	**26%**	**24%**	**22%**	**20%**	**19%**
Deferred tax assets	-	-	-	0.5	10.0	7.7	6.4	4.8	8.7	6.8	6.5%	6.1%	5.7%	5.2%	4.8%	4.5%	4.1%	3.7%	3.4%	3.1%
Other assets excluding deferred tax ass	-	-	-	1.4	1.3	1.1	2.0	2.7	2.6	3.7	3.3%	3.0%	2.6%	2.3%	2.0%	1.8%	1.6%	1.4%	1.3%	1.2%
Intangible assets, net	2.4	3.2	2.4	2.6	2.4	1.8	2.7	1.7	1.3	1.0	0.5%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other assets	**3.6**	**5.0**	**3.9**	**4.5**	**13.6**	**10.6**	**11.0**	**9.2**	**12.6**	**11.6**	10.4%	9.4%	8.4%	7.6%	6.8%	6.3%	5.7%	5.2%	4.7%	4.3%
Goodwill	3.1	4.1	3.6	3.8	2.6	2.8	7.2	6.2	7.1	6.2	5.4%	4.6%	3.9%	3.3%	2.8%	2.5%	2.1%	1.8%	1.6%	1.3%
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities and Stockholders Equity:																				
Accounts payable	2.1	1.9	0.9	0.8	0.9	0.4	0.8	2.1	0.7	0.3	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%
Accrued expenses and other current liab	5.6	8.4	7.1	8.5	7.7	7.7	7.9	7.3	7.9	6.7	7.4%	7.6%	7.6%	7.6%	7.4%	7.5%	7.2%	6.9%	6.5%	6.2%
Current portion of deferred revenue	32.8	42.4	34.1	42.6	36.3	34.0	35.5	35.0	33.3	33.5	35.0%	35.6%	35.4%	34.8%	33.9%	33.7%	32.2%	30.4%	28.7%	27.0%
Current portion of convertible senior not	-	0.0	15.3	0.0	0.9	0.8	0.8	0.7	0.5	0.5	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Current debt, net	-	-	-	-	-	0.0	0.9	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total current liabilities	**40.5**	**52.7**	**57.4**	**51.9**	**45.7**	**42.9**	**45.8**	**45.2**	**42.4**	**41.0**	43.3%	44.1%	43.9%	43.3%	45.5%	42.1%	40.2%	38.1%	36.0%	33.9%
Deferred revenue, less current portion	0.6	1.6	1.0	1.0	0.7	0.5	0.6	0.5	0.5	0.5	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%
Operating lease liabilities, less current p	-	-	-	0.0	6.4	4.9	5.1	4.9	4.1	3.4	3.3%	3.3%	3.3%	3.2%	3.1%	3.0%	2.8%	2.6%	2.5%	2.3%
Convertible senior notes, net	26.3	25.0	17.7	17.1	11.5	18.8	13.7	11.2	8.6	7.3	6.3%	5.4%	4.6%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other long-term liabilities	**1.3**	**1.7**	**1.9**	**1.4**	**0.4**	**0.4**	**0.5**	**0.4**	**0.7**	**0.7**	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%
Total Long-term Liabilities	**28%**	**28%**	**21%**	**19%**	**19%**	**25%**	**20%**	**17%**	**14%**	**12%**	**11%**	**10%**	**9%**	**8%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**
Total liabilities	**68.6**	**81.0**	**78.1**	**71.4**	**64.7**	**67.5**	**65.8**	**62.2**	**56.1**	**52.9**	54.2%	54.1%	53.1%	51.7%	50.0%	46.5%	44.4%	42.2%	39.9%	37.6%
Stockholders Equity																				
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Treasury	-	-	-	-	-	-	-	0.0	-3.1	-6.0	-7.7%	-8.7%	-9.3%	-9.4%	-9.3%	-9.3%	-8.9%	-8.5%	-8.1%	-7.6%
Additional paid-in capital	63.1	69.1	48.8	54.0	40.8	34.1	33.9	36.1	35.3	36.3	31.6%	27.4%	23.5%	20.2%	17.3%	15.3%	13.1%	11.3%	9.7%	8.5%
Common Equity	**63.1%**	**69.1%**	**48.8%**	**54.0%**	**40.8%**	**34.1%**	**33.9%**	**36.1%**	**32.2%**	**30.3%**	**23.9%**	**18.6%**	**14.3%**	**10.8%**	**8.0%**	**6.0%**	**4.2%**	**2.8%**	**1.7%**	**0.8%**
Accumulated other comprehensive loss	-0.9	-1.0	0.2	-0.1	0.4	1.1	0.3	-0.8	-0.2	-0.3	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Retained earnings / accumulated deficit	-30.8	-49.0	-27.0	-25.2	-5.8	-2.7	0.0	2.5	11.9	17.1	22.2%	27.5%	32.8%	37.7%	42.2%	47.6%	51.5%	55.2%	58.5%	61.6%
Total stockholders' equity / deficit	**31.4**	**19.0**	**21.9**	**28.6**	**35.3**	**32.5**	**34.2**	**37.8**	**43.9**	**47.1**	**45.8%**	**45.9%**	**46.9%**	**48.3%**	**50.0%**	**53.5%**	**55.6%**	**57.8%**	**60.1%**	**62.4%**
Total liabilities and stockholders' equ	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

ServiceNow

Revenue Decomposition

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NOW-USA																					
Product Segments (M)																					
Sales	**683.0**	**1,005.0**	**1,391.0**	**1,933.0**	**2,609.0**	**3,460.0**	**4,519.0**	**5,896.0**	**7,245.0**	**8,971.0**	**10,984.0**	**13,366.1**	**16,008.4**	**18,863.8**	**22,046.2**	**25,551.5**	**29,365.5**	**33,175.2**	**36,830.6**	**40,528.7**	**44,202.4**
Subscription	567.0	848.0	1,222.0	1,740.0	2,394.0	3,255.0	4,286.0	5,573.0	6,891.0	8,680.0	10,646.0	**12,988.1**	**15,585.7**	**18,391.2**	**21,517.7**	**24,960.5**	**28,704.6**	**32,436.2**	**36,004.2**	**39,604.6**	**43,169.0**
Professional Services and Other	115.0	157.0	169.0	193.0	185.0	205.0	234.0	323.0	354.0	291.0	338.0	**378.0**	**422.7**	**472.6**	**528.5**	**591.0**	**660.9**	**739.0**	**826.4**	**924.1**	**1,033.4**
Total revenues Growth Rates (%)	0.00%	47.14%	38.41%	38.96%	34.97%	32.62%	30.61%	30.47%	22.88%	23.82%	22.44%	21.69%	19.77%	17.84%	16.87%	15.90%	14.93%	12.97%	11.02%	10.04%	9.06%
Subscription	0.00%	49.56%	44.10%	42.39%	37.59%	35.96%	31.67%	30.03%	23.65%	25.96%	22.65%	22.00%	20.00%	18.00%	17.00%	16.00%	15.00%	13.00%	11.00%	10.00%	9.00%
Professional Services and Other	0.00%	36.52%	7.64%	14.20%	-4.15%	10.81%	14.15%	38.03%	9.60%	-17.80%	16.15%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%
Gross Income	**468.0**	**734.0**	**1,059.0**	**1,433.0**	**2,087.0**	**2,804.0**	**3,718.0**	**4,793.0**	**5,970.0**	**7,381.0**	**9,077.0**	**11,070.0**	**13,280.4**	**15,667.9**	**18,328.6**	**21,258.6**	**24,445.2**	**27,622.2**	**30,661.3**	**33,729.2**	**36,767.8**
Subscription	-	-	-	-	-	-	-	-	-	7,353.0	9,038.0	**11,026.4**	**13,231.6**	**15,613.3**	**18,267.6**	**21,190.4**	**24,369.0**	**27,536.9**	**30,566.0**	**33,622.6**	**36,648.6**
Professional Services and Other	-	-	-	-	-	-	-	-	-	28.0	39.0	**43.6**	**48.8**	**54.5**	**61.0**	**68.2**	**76.2**	**85.3**	**95.3**	**106.6**	**119.2**
Billings	**838.0**	**1,201.0**	**1,691.0**	**2,315.0**	**3,089.0**	**4,002.0**	**5,229.0**	**6,738.0**	**8,076.0**	**10,107.0**	**12,032.0**	**14,438.4**	**17,037.3**	**19,763.3**	**22,332.5**	**25,012.4**	**27,763.8**	30,540.2	33,594.2	36,281.7	38,095.8
Subscription	-	-	-	2,119.0	2,881.0	3,788.0	4,982.0	6,388.0	7,795.0	9,765.0	11,825.0	**14,190.0**	**16,744.2**	**19,423.3**	**21,948.3**	**24,582.1**	**27,286.1**	30,014.7	33,016.2	35,657.5	37,440.4
Professional Services and Other	-	-	-	196.0	207.0	214.0	247.0	350.0	-	-	-							-	-	-	-
Cost of Sales	**-**	**272.0**	**331.0**	**422.0**	**522.0**	**657.0**	**801.0**	**1,102.0**	**1,275.0**	**1,590.0**	**1,907.0**	**2,288.4**	**2,700.3**	**3,132.4**	**3,539.6**	**3,964.3**	**4,400.4**	4,840.4	5,324.5	5,856.9	6,149.8
Subscription	-	-	-	-	-	-	-	-	-	1,327.0	1,608.0	**1,929.6**	**2,276.9**	**2,641.2**	**2,984.6**	**3,342.7**	**3,710.5**	4,081.5	4,203.9	4,624.3	4,855.6
Professional Services and Other	-	-	-	-	-	-	-	-	-	263.0	299.0	**347.3**	**403.4**	**472.6**	**553.6**	**654.1**	**772.8**	**913.1**	**1,087.9**	**1,296.2**	**1,544.5**
Sales																					
Total	683.0	1,005.0	1,391.0	1,933.0	2,609.0	3,460.0	4,519.0	5,896.0	7,245.0	8,971.0	10,984.0	**13,366.1**	**16,008.4**	**18,863.8**	**22,046.2**	**25,551.5**	**29,365.5**	**33,175.2**	**36,830.6**	**40,528.7**	**44,202.4**
Digital Workflow	-	-	-	-	-	2,811.0	3,749.0	4,882.0	6,077.0	7,679.0	9,422.0	**11,494.8**	**13,793.8**	**16,276.7**	**19,043.7**	**22,090.7**	**25,404.3**	**28,706.9**	**31,864.7**	**35,051.1**	**38,205.7**
Information Technology Operations M	-	65.0	113.0	213.0	370.0	444.0	537.0	691.0	814.0	1,001.0	1,224.0	**1,493.3**	**1,791.9**	**2,114.5**	**2,473.9**	**2,869.8**	**3,300.2**	**3,729.3**	**4,139.5**	**4,553.4**	**4,963.3**
Professional Services & Other	115.0	157.0	169.0	193.0	188.0	205.0	234.0	323.0	354.0	291.0	338.0	**378.0**	**422.6**	**472.6**	**528.4**	**590.9**	**660.7**	**738.8**	**826.2**	**923.8**	**1,033.0**
Historical Segments	**567.0**	**784.0**	**1,109.0**	**1,526.0**	**2,051.0**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-	-	-
Service Management	-	784.0	1,109.0	1,526.0	2,051.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All figures in millions of U.S. Dollar	567.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percent of Total (%)																					
Total	100	100	100	100	100	100	100	100	100	100	100	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Digital Workflow						81.2%	83.0%	82.8%	83.9%	85.6%	85.8%	86.00%	86.17%	86.29%	86.38%	86.46%	86.51%	86.53%	86.52%	86.48%	86.43%
Information Technology Operations Management		6.5%	8.1%	11.0%	14.2%	12.8%	11.9%	11.7%	11.2%	11.2%	11.1%	11.17%	11.19%	11.21%	11.22%	11.23%	11.24%	11.24%	11.24%	11.24%	11.23%
Professional Services & Other	16.8%	1.0%	12.1%	10.0%	7.2%	5.9%	5.2%	5.5%	4.9%	3.2%	3.1%	2.83%	2.64%	2.51%	2.40%	2.31%	2.25%	2.23%	2.24%	2.28%	2.34%
Historical Segments	**83.0%**	**78.0%**	**79.7%**	**78.9%**	**78.6%**	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Management		78.0%	79.7%	78.9%	78.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscription	83.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cloud Computing Solutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth (%)																					
Total			38.4%	39.0%	35.0%	32.6%	30.6%	30.5%	22.9%	23.8%	22.4%	21.7%	19.8%	17.8%	16.9%	15.9%	14.9%	13.0%	11.0%	10.0%	9.1%
Digital Workflow		47.1%					33.4%	30.2%	24.5%	26.4%	22.7%	22.0%	20.0%	18.0%	17.0%	16.0%	15.0%	13.0%	11.0%	10.0%	9.0%
Information Technology Operations M	-		73.8%	88.5%	73.7%	20.0%	20.9%	28.7%	17.8%	23.0%	22.3%	22.0%	20.0%	18.0%	17.0%	16.0%	15.0%	13.0%	11.0%	10.0%	9.0%
Professional Services & Other	-	-	7.6%	14.2%	-2.6%	9.0%	14.1%	38.0%	9.6%	-17.8%	16.2%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Historical Segments		-	41.5%	37.6%	34.4%	**-**	**-**	**-**	**-**	**-**	**-**										
Service Management		-	41.5%	37.6%	34.4%	-	-	-	-	-	-										

ServiceNow

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net Income	1770.9	2359.9	3068.3	3787.3	4626.1	5592.3	6649.6	7739.3	8910.2	10153.1
Operating Cash Flows:										
Depreciation and Amortization	732.2	852.7	999.6	1165.7	1344.2	1528.0	1709.8	1881.3	2052.1	2228.2
Accounts receivable, net	-810.6	-603.1	-651.7	-726.3	-800.0	-870.5	-869.5	-834.3	-844.1	-838.5
Current portion of deferred commissions	-155.9	-133.0	-143.7	-160.2	-176.5	-192.0	-191.8	-184.0	-186.2	-184.9
Prepaid expenses and other current assets	-144.9	-160.7	-173.7	-193.5	-213.2	-231.9	-231.7	-222.3	-224.9	-223.4
Deferred commissions, less current portion	-201.0	-237.2	-256.4	-285.7	-314.7	-342.4	-342.0	-328.2	-332.0	-329.8
Accounts payable	145.8	42.3	45.7	50.9	56.1	61.0	60.9	58.5	59.2	58.8
Accrued expenses and other current liabilities	393.3	348.4	376.5	419.6	462.2	502.9	502.3	481.9	487.6	484.4
Operating lease liabilities, less current portion	87.5	133.4	150.8	162.1	167.0	165.0	155.8	155.2	159.9	168.2
Current portion of deferred revenue	1478.8	1560.3	1664.1	1833.6	1995.8	2144.6	2104.0	1975.5	1963.8	1912.7
Deferred revenue, less current portion	37.7	26.2	28.3	31.6	34.8	37.9	37.8	36.3	36.7	36.5
Deferred tax assets	-157.1	-157.1	-157.1	-157.1	-157.1	-157.1	-157.1	-157.1	-157.1	-157.1
Operating lease right-of-use assets	-114.1	-139.0	-157.2	-168.9	-174.0	-172.0	-162.4	-161.7	-166.6	-175.3
Total Operating Cash Flows	**3062.7**	**3893.2**	**4793.6**	**5759.0**	**6850.7**	**8065.9**	**9265.8**	**10440.4**	**11758.6**	**13132.8**
Investing Cash Flows:										
Purshase of PPE Gross	-1022.4	-1206.5	-1399.5	-1595.4	-1786.9	-1965.6	-2122.8	-2292.6	-2476.1	-2674.1
Long-term investments	-148.0	-153.3	-158.8	-164.6	-170.5	-176.6	-183.0	-189.6	-196.4	-203.5
Other assets excluding deferred tax assets	-27.5	-28.5	-29.5	-30.5	-31.6	-32.8	-34.0	-35.2	-36.5	-37.8
Intangible assets, net	80.0	50.0	36.0	28.0	13.0	2.0	0.0	0.0	0.0	0.0
Short-term investments	-124.5	-129.0	-133.6	-138.4	-143.4	-148.6	-153.9	-159.5	-165.2	-171.1
Total Investing Cash Flows	**-1242.4**	**-1467.2**	**-1685.4**	**-1901.0**	**-2119.4**	**-2321.5**	**-2493.7**	**-2676.9**	**-2874.1**	**-3086.5**
Financing Cash Flows:										
Current portion of long term debt	-102.0	0.0	0.0	0.0	1499.0	-1499.0	0.0	0.0	0.0	0.0
Long Term Debt	2.0	2.0	2.0	2.0	-1497.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	29.0	34.8	41.8	50.1	60.1	72.2	86.6	103.9	124.7	149.6
Current debt, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aditional Paid In capital	89.0	89.0	89.0	89.0	89.0	89.0	53.4	0.0	0.0	0.0
Treasury	-600.0	-600.0	-600.0	-600.0	-600.0	-600.0	-600.0	-600.0	-600.0	-600.0
Change in Cash and cash equivalents	1238.3	1951.7	2640.9	3399.1	4282.4	3806.5	6312.1	7267.4	8409.2	9595.9
Cash Beg	2304.0	3542.3	5494.0	8134.9	11534.0	15816.3	19622.8	25934.9	33202.3	41611.5
Cash End	3542.3	5494.0	8134.9	11534.0	15816.3	19622.8	25934.9	33202.3	41611.5	51207.4
Total Financing Cash Flows	**-582.0**	**-474.2**	**-467.3**	**-458.9**	**-448.9**	**-1937.9**	**-460.0**	**-496.1**	**-475.3**	**-450.4**

ServiceNow
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net cash provided by / used in operating activities	**317.8**	**159.1**	**642.9**	**811.1**	**1236.0**	**1786.0**	**2191.0**	**2723.0**	**3398.0**
Net loss / income	-198.4	-414.2	-116.8	-26.7	626.7	119.0	230.0	325.0	1731.0
Adjustments to reconcile net loss / income to net cash provided by / used in operating activities	**516.2**	**573.3**	**759.8**	**837.8**	**609.0**	**1667.0**	**1961.0**	**2398.0**	**1667.0**
Depreciation and amortization	60.4	83.1	113.9	149.6	252.0	336.0	472.0	433.0	562.0
Amortization of premiums on investments	7.1								
Amortization of deferred commissions	65.5	69.6	99.1	143.4	168.0	218.0	294.0	358.0	459.0
Stock-based compensation	257.7	317.7	394.0	544.0	662.0	870.0	1131.0	1401.0	1604.0
Tax benefit from employee stock plans									
Deferred income tax	-1.3	-0.7	-5.7	-34.2	-576.0	-24.0	-34.0	15.0	-857.0
Other	**24.9**	**37.0**	**52.5**	**39.7**	**25.0**	**22.0**	40.0	17.0	0.0
Unrealized gain on marketable equity securities		0.0	0.0						
Amortization of debt discount and issuance costs	31.1	33.3	53.4	52.7	33.0	24.0			
Other excluding unrealized gain on marketable equity securities and amortization of debt discount and issuance costs	-6.2	3.8	-0.9	-13.1	-8.0	-2.0	40.0	17.0	0.0
Bad debt expense									
Gain / loss on disposal of property and equipment									
Lease abandonment costs									
Repayments of convertible senior notes attributable to debt discount		0.0	0.0	-145.3	0.0	-82.0			
Loss on extinguishment of 2022 notes				0.0	0.0	47.0			
Expense for preferred stock warrants									
Changes in operating assets and liabilities, net of effect of business combinations	**101.9**	**66.6**	**106.0**	**140.8**	**78.0**	**280.0**	**58.0**	**174.0**	**-101.0**
Accounts receivable	-50.9	-126.4	-99.7	-146.1	-260.0	-152.0	-401.0	-340.0	-300.0
Deferred commissions	-80.1	-151.9	-190.2	-239.4	-255.0	-365.0	-565.0	-566.0	-717.0
Prepaid expenses and other assets	-11.0	-24.2	-34.3	-19.9	-30.0	-55.0	-93.0	-39.0	-203.0
Prepaid expenses and other current assets									
Other assets									
Accounts payable	14.8	-3.6	-5.5	-4.8	21.0	-34.0	55.0	172.0	-142.0
Deferred revenue	195.9	285.1	369.2	468.9	537.0	711.0	960.0	904.0	1085.0
Accrued expenses and other liabilities	33.2	87.6	66.5	82.1	65.0	175.0	102.0	43.0	176.0
Accrued expenses and other current liabilities									
Deferred rent									
Other long-term liabilities									
Net cash used in investing activities	**-231.5**	**-108.2**	**-883.9**	**-347.4**	**-725.0**	**-1507.0**	**-1607.0**	**-2583.0**	**-2167.0**
Purchases of property and equipment	-87.5	-105.6	-150.5	-224.5	-265.0	-419.0	-392.0	-550.0	-694.0
Business combination, net of cash acquired	**-1.1**	**-34.3**	**-58.2**	**-37.4**	**-7.0**	**-107.0**	**-785.0**	**-91.0**	**-282.0**
Business combinations, net of cash acquired excluding purchases of other intangibles								-91.0	-279.0
Purchases of other intangibles								0.0	-3.0
Purchases of investments	**-723.3**	**-519.2**	**-1194.3**	**-1295.8**	**-1596.0**	**-2934.0**	**-2556.0**	**-4205.0**	**-4709.0**
Purchases of investments excluding purchases of strategic investments	-712.8	-518.7			-1596.0	-2922.0	-2485.0	-4038.0	-4634.0
Purchases of strategic investments	-10.5	-0.5			0.0	-12.0	-71.0	-167.0	-75.0
Purchases of non-marketable investments									
Sales and maturities of investments	**582.1**	**569.5**	**525.7**	**1234.7**	**1193.0**	**1965.0**	**2119.0**	**2245.0**	**3522.0**
Sales of investments	277.0	298.0	85.1						
Maturities of investments	305.0	271.5	440.6						
Other	**-1.8**	**-18.8**	**-6.7**	**-24.4**	**-50.0**	**-12.0**	**7.0**	**18.0**	**-4.0**
Purchases of other intangibles	-1.8	-18.8	-6.7	-24.4	-73.0	-13.0			
Realized gains / losses on derivatives not designated as hedging instruments, net			0.0	0.0					
Other excluding purchases of other intangibles and realized gains / losses on derivatives not designated as hedging instruments, net					23.0	1.0			
Restricted cash									
Net cash used in / provided by financing activities	**80.3**	**-55.8**	**538.9**	**-607.4**	**-302.0**	**597.0**	**-506.0**	**-344.0**	**-803.0**
Net proceeds from initial public offering									
Deferred payments on purchase of other intangibles									
Net proceeds from / offering costs paid in connection with follow-on offering									
Net proceeds from borrowings on 2030 notes	0.0	0.0	772.1	0.0	0.0	1482.0			
Principal payments on convertible senior notes	0.0	0.0	0.0	-429.6	0.0	-1628.0	-61.0	-94.0	0.0
Proceeds from issuance of warrants	0.0	0.0	54.1						
Purchase of convertible note hedge	0.0	0.0	-128.0						
Purchases of common stock and restricted stock from stockholders	0.0	0.0	-55.0						
Net proceeds from unwind of 2022 note hedge				0.0	0.0	1106.0			
Proceeds from employee stock plans, net	**80.6**	**-53.5**	**-99.4**	**-176.9**	**-302.0**	**-363.0**	**-445.0**	**-250.0**	**-265.0**
Proceeds from exercise of stock options									
Proceeds from early exercise of stock options									
Proceeds from employee stock plans	93.3	66.4	82.6	104.2	108.0	146.0	167.0	177.0	194.0
Taxes paid related to net share settlement of equity awards	-12.8	-119.9	-181.9	-281.0	-410.0	-509.0	-612.0	-427.0	-459.0
Tax benefit from employee stock plans									
Net proceeds from issuance of common stock									
Payments on financing obligations	-0.2	-2.2	-4.9	-0.9					
Payments related to deferred payments on purchase of other intangibles									
Payments on financing obligation excluding payments related to deferred payments on purchase of other intangibles									
Repurchases of common stock							0.0	0.0	-538.0
Business combination								0.0	0.0
Foreign currency effect on cash and cash equivalents	-6.5	-5.9	28.0	-15.5	0.0	25.0	-25.0	-53.0	1.0
Net increase / decrease in cash and cash equivalents	160.1	-10.9	325.9	-159.3	209.0	901.0	53.0	-257.0	429.0
Cash and cash equivalents at beginning of period	252.7	412.8	401.9	727.8	569.0	778.0	1679.0	1732.0	1475.0
Cash and cash equivalents at end of period	412.8	401.9	727.8	568.5	778.0	1679.0	1732.0	1475.0	1904.0
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	**412.8**	**401.9**	**727.8**	**568.5**	**778.0**	**1679.0**	**1732.0**	**1475.0**	**1904.0**
Cash, cash equivalents	412.3	401.2	726.5	566.2	776.0	1677.0	1728.0	1470.0	1897.0
Current portion of restricted cash included in prepaid expenses and other current assets	0.5	0.7	1.3	2.3	2.0	2.0	4.0	5.0	7.0

ServiceNow

Value Driver Estimation

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Marginal Tax Rates	33.73%	23.68%	33.44%	18.49%	13.43%	21.33%	23.29%	47.62%	29.86%	23.01%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
NOPLAT:																				
Total revenues:	1005.5	1391.0	1918.5	2608.8	3460.0	4519.0	5896.0	7245.0	8971.0	10984.0	13366.1	16008.4	18863.8	22046.2	25551.5	29365.5	33175.2	36830.6	40528.7	44202.4
Cost of Revenues w/o D&A	-269.1	-315.9	-386.0	-473.1	-544.0	-651.0	-881.0	-1140.0	-1359.0	-1723.0	-2041.5	-2445.0	-2881.2	-3367.2	-3902.6	-4485.1	-5067.0	-5625.3	-6190.1	-6472.8
Sales and marketing	-498.4	-660.0	-895.0	-1203.1	-1534.0	-1855.0	-2292.0	-2814.0	-3301.0	-3854.0	-4569.5	-5472.9	-6279.3	-7140.2	-8045.5	-8982.1	-9848.9	-10602.6	-11302.4	-11929.1
Research and development	-217.4	-285.2	-377.5	-529.5	-749.0	-1024.0	-1397.0	-1768.0	-2124.0	-2543.0	-2958.4	-3543.2	-4175.2	-4879.6	-5655.4	-6499.6	-7342.8	-8151.8	-8970.4	-9783.5
General and administrative	-126.6	-158.9	-210.5	-296.0	-339.0	-454.0	-597.0	-735.0	-863.0	-936.0	-1032.1	-1108.0	-1154.7	-1349.6	-1564.1	-1797.6	-2030.8	-2254.6	-2481.0	-2705.8
Depreciation and amortization	-60.4	-83.1	-113.9	-149.6	-252.0	-336.0	-472.0	-433.0	-562.0	-564.0	-732.2	-852.7	-999.6	-1165.7	-1344.2	-1528.0	-1709.8	-1881.3	-2052.1	-2228.2
+Implied Interest on Oper Leases						19.2	21.7	28.2	32.5	34.1	33.1	38.5	45.1	52.6	60.7	69.0	77.2	84.9	92.6	100.6
EBIT	**-166.4**	**-112.2**	**-64.4**	**-42.4**	**42.0**	**218.2**	**278.7**	**383.2**	**794.5**	**1398.1**	**2065.5**	**2625.0**	**3418.9**	**4196.6**	**5100.4**	**6142.0**	**7253.2**	**8399.9**	**9625.3**	**11183.5**
Less Adjusted taxes:																				
Income Tax Expense	5.4	3.8	3.4	-12.3	-560.0	31.0	19.0	74.0	-723.0	313.0	496.6	627.3	815.6	1006.7	1229.7	1486.6	1767.6	2057.3	2368.5	2698.9
+Interest Expense	10.5	7.9	17.9	9.7	4.4	7.0	6.5	18.1	16.7	10.4	22.8	22.7	24.1	25.6	27.2	28.9	15.6	17.1	18.7	20.3
Legal Settlement	0.0	63.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-Interest Income	1.5	1.2	1.5	10.4	7.8	-3.4	4.7	39.0	90.2	96.4	74.6	84.9	101.8	123.9	151.9	186.6	217.8	268.0	325.5	391.8
+ Tax on lease interest	0.0	0.0	0.0	0.0	0.0	4.1	5.0	13.4	9.7	7.8	6.9	8.1	9.5	11.1	12.7	14.5	16.2	17.8	19.5	21.1
Total Adjusted Taxes	**17.4**	**74.4**	**19.8**	**-12.9**	**-563.4**	**45.5**	**25.9**	**66.5**	**-786.7**	**234.8**	**451.7**	**573.1**	**747.3**	**919.5**	**1117.8**	**1343.4**	**1581.6**	**1824.3**	**2081.1**	**2348.5**
Change in Deferred Taxes	-1.3	-0.7	-5.7	-34.2	-576.0	-24.0	-34.0	15.0	-857.0	98.0	157.1	157.1	157.1	157.1	157.1	157.1	157.1	157.1	157.1	157.1
NOPLAT	**-185.0**	**-187.3**	**-89.9**	**-63.7**	**29.4**	**148.6**	**218.7**	**331.7**	**724.3**	**1261.3**	**1770.9**	**2209.0**	**2828.6**	**3434.2**	**4139.6**	**4955.6**	**5828.6**	**6732.7**	**7701.3**	**8992.1**
Invested Capital (IC):																				
Normal Cash	**203.9**	**282.2**	**392.2**	**529.4**	**702.0**	**916.9**	**1,196.3**	**1,470.0**	**1,820.2**	**2,228.6**	**2,712.0**	**3,248.1**	**3,827.4**	**4,473.1**	**5,184.4**	**5,958.2**	**6,731.2**	**7,472.9**	**8,223.2**	**8,968.6**
Prepaid expenses and other current assets	29.1	43.6	96.0	132.1	125.5	192.0	223.0	280.0	403.0	668.0	812.9	973.6	1,147.2	1,340.8	1,553.9	1,785.9	2,017.6	2,239.9	2,464.8	2,688.2
Accounts receivable, net	203.3	322.8	437.1	574.8	835.3	1,009.0	1,390.0	1,725.0	2,036.0	2,240.0	3,050.6	3,653.7	4,305.4	5,031.8	5,831.8	6,702.3	7,571.8	8,406.1	9,250.2	10,088.6
Current portion of deferred commissions	52.0	76.8	109.6	139.9	175.0	229.0	303.0	369.0	461.0	517.0	672.9	805.9	949.6	1109.8	1286.3	1478.3	1670.1	1854.1	2040.2	2225.2
-																				
Accrued expenses and other current liabilities	101.3	171.6	253.3	330.2	461.4	668.0	850.0	975.0	1,365.0	1,369.0	1,762.3	2,110.6	2,487.1	2,906.7	3,368.9	3,871.7	4,374.0	4,855.9	5,343.5	5,827.9
Accounts payable	37.4	38.1	32.1	30.7	53.0	34.0	89.0	274.0	126.0	68.0	213.8	256.1	301.8	352.7	408.7	469.8	530.7	589.2	648.3	707.1
Current portion of deferred revenue	593.0	861.8	1,210.7	1,651.6	2,185.8	2,963.0	3,836.0	4,660.0	5,785.0	6,819.0	8,297.8	9,858.2	11,522.2	13,355.8	15,351.7	17,496.3	19,600.3	21,575.8	23,539.6	25,452.3
+																				
Property and equipment, net	144.7	181.6	245.1	347.2	468.1	660.0	766.0	1,053.0	1,358.0	1,763.0	2,053.2	2,407.0	2,806.8	3,236.5	3,679.2	4,116.8	4,529.8	4,941.2	5,365.1	5,811.0
+																				
Operating lease right-of-use assets	0.0	0.0	0.0	0.0	402.4	454.0	591.0	682.0	715.0	693.0	807.1	946.1	1,103.3	1,272.2	1,446.2	1,618.2	1,780.6	1,942.3	2,108.9	2,284.2
Other assets excluding deferred tax assets	0.0	0.0	0.0	52.8	78.0	100.0	212.0	359.0	452.0	763.0	790.5	818.9	848.4	878.9	910.6	943.4	977.3	1,012.5	1,049.0	1,086.7
Intangible assets, net	43.0	65.9	86.9	100.6	143.9	153.0	287.0	232.0	224.0	209.0	129.0	79.0	43.0	15.0	2.0	0.0	0.0	0.0	0.0	0.0
Deferred commissions, less current portion	33.0	62.0	224.3	282.5	333.4	444.0	623.0	742.0	919.0	999.0	1,200.0	1,437.2	1,693.6	1,979.3	2,294.0	2,636.4	2,978.5	3,306.6	3,638.7	3,968.5
Invested Capital (IC):	**-23**	**-37**	**95**	**147**	**564**	**493**	**816**	**1,003**	**1,112**	**1,825**	**1,954**	**2,145**	**2,414**	**2,722**	**3,059**	**3,402**	**3,752**	**4,155**	**4,609**	**5,134**
Free Cash Flow (FCF):																				
NOPLAT	$ (185.05)	$ (187.27)	$ (89.95)	$ (63.66)	$ 29.36	$ 148.65	$ 218.75	$ 331.72	$ 724.28	$ 1,261.33	$ 1,770.90	$ 2,208.97	$ 2,828.64	$ 3,434.19	$ 4,139.60	$ 4,955.65	$ 5,828.61	$ 6,732.72	$ 7,701.26	$ 8,992.08
Change in IC	$ (22.60)	-14	132	52	417	-71	323	187	109	712	130	190	269	309	337	342	350	403	454	525
FCF	**$ (162.45)**	**$ (173.24)**	**$ (221.66)**	**$ (115.23)**	**$ (387.50)**	**$ 219.27**	**$ (104.64)**	**$ 145.01**	**$ 615.07**	**$ 548.90**	**$ 1,641.33**	**$ 2,018.59**	**$ 2,559.53**	**$ 3,125.62**	**$ 3,802.66**	**$ 4,613.17**	**$ 5,478.45**	**$ 6,329.95**	**$ 7,247.29**	**$ 8,466.89**
Return on Invested Capital (ROIC):																				
NOPLAT	$ (185.05)	$ (187.27)	$ (89.95)	$ (63.66)	$ 29.36	$ 148.65	$ 218.75	$ 331.72	$ 724.28	$ 1,261.33	$ 1,770.90	$ 2,208.97	$ 2,828.64	$ 3,434.19	$ 4,139.60	$ 4,955.65	$ 5,828.61	$ 6,732.72	$ 7,701.26	$ 8,992.08
Beginning IC		$ (22.60)	$ (36.63)	$ 95.09	$ 146.66	$ 563.53	$ 492.90	$ 816.29	$ 1,003.00	$ 1,112.20	$ 1,824.64	$ 1,954.21	$ 2,144.59	$ 2,413.69	$ 2,722.27	$ 3,059.20	$ 3,401.68	$ 3,751.85	$ 4,154.61	$ 4,608.59
ROIC		**828.52%**	**245.56%**	**-66.95%**	**20.02%**	**26.38%**	**44.38%**	**40.64%**	**72.21%**	**113.41%**	**97.05%**	**113.04%**	**131.90%**	**142.28%**	**152.06%**	**161.99%**	**171.35%**	**179.45%**	**185.37%**	**195.12%**
Change in IC		-14	132	52	417	-71	323	187	109	712	130	190	269	309	337	342	350	403	454	525
Economic Profit (EP):																				
Beginning IC		-23	-37	95	147	564	493	816	1,003	1,112	1,825	1,954	2,145	2,414	2,722	3,059	3,402	3,752	4,155	4,609
EP		**-185**	**-86**	**-73**	**15**	**94**	**171**	**253**	**627**	**1,154**	**1,594**	**2,020**	**2,621**	**3,200**	**3,876**	**4,659**	**5,499**	**6,369**	**7,298**	**8,545**

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Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:			*ASSUMPTIONS:*
	Risk-Free Rate	4.00%	*10-year Treasury bond*
	Beta	1.215	*Average of 2,5 and 10 year weekly and monthly beta*
	Equity Risk Premium	4.75%	*Average of (avg ERP from 2000 to 2024 and Aswath Damodaran 2025 ERP)*
	Cost of Equity	**9.77%**	
Cost of Debt:			
	Risk-Free Rate	4.00%	*10-year Treasury bond*
	Implied Default Premium	0.77%	
	Pre-Tax Cost of Debt	4.77%	*Median Yield of Corporate (A/A) 10 yr bonds*
	Marginal Tax Rate	21%	
	After-Tax Cost of Debt	**3.77%**	

			MV Weights
Market Value of Common Equity:			
	Total Shares Outstanding	207.52	
	Current Stock Price	$850.43	
	MV of Equity	**176,481.23**	98.73%
Market Value of Debt:			
	Short-Term Debt	0	
	Current Portion of LTD	102	
	Long-Term Debt	1489	
	PV of Operating Leases	687	
	MV of Total Debt	**2,278.00**	1.27%
Market Value of the Firm		**178,759.23**	100.00%
		Estimated WACC	**9.69%**

ServiceNow

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:	
CV Growth of NOPLAT	7.00%
CV Year ROIC	195.12%
WACC	9.69%
Cost of Equity	9.77%

Fiscal Years Ending Dec. 31	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
DCF Model:										
Free Cash Flow (FCF)	1641.3	2018.6	2559.5	3125.6	3802.7	4613.2	5478.4	6330.0	7247.3	8466.9
Continuing Value (CV)										321717.0
PV of FCF	1496.3	1677.6	1939.1	2158.7	2394.2	2647.8	2866.5	3019.4	3151.4	139894.7
Value of Operating Assets:	161245.6									
Non-Operating Adjustments										
Excess Cash	**75.4**									
Short term investments	**3582.5**									
long term investments	**4259.0**									
Total Debt	**-2278.0**									
Present value of ESOP	**-425.1**									
Value of Equity	166459.4									
Shares Outstanding	206.7									
Intrinsic Value of Last FYE	$ 805.15									
Implied Price as of Today	$ 873.73									
EP Model:										
Economic Profit (EP)	1594.0	2019.5	2620.7	3200.2	3875.7	4659.1	5498.8	6369.0	7298.5	8545.3
Continuing Value (CV)	0.0									317108.5
PV of EP	1453.1	1678.3	1985.5	2210.2	2440.2	2674.1	2877.2	3038.0	3173.7	137890.8
Total PV of EP	159421.0									
Invested Capital (last FYE)	1824.6									
Value of Operating Assets:	161245.6									
Non-Operating Adjustments										
Excess Cash	**75.4**									
Short term investments	**3582.5**									
Long term investments	**4259.0**									
Total Debt	**-2278.0**									
PV of ESOP	**-425.1**									
Value of Equity	166459.4									
Shares Outstanding	206.7									
Intrinsic Value of Last FYE	$ 805.15									
Implied Price as of Today	$ 873.73									

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Relative Valuation Models

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26	Est. 5yr EPS gr.	PEG 25	PEG 26	Market CAP	Sales 2024 YE	P/S Ratio	EV/EBITDA
CRM	Salesforce, INC	$ 237.07	$7.09	$8.43	33.44	28.12	13.4	2.50	2.10	228.89	37.89	6.04	19.51
WDAY	Workday, INC	$ 224.95	$2.85	$5.03	78.93	44.72	32.3	2.45	1.39	59.67	8.44	7.07	46.40
ADBE	Adobe, INC	$ 325.07	$16.49	$18.78	19.71	17.31	10.8	1.83	1.61	139.64	21.5	6.49	14.83
SNOW	Snowflake, INC	$ 252.79	($4.03)	($3.69)	~~(62.73)~~	~~(68.51)~~	12.8	~~(4.92)~~	(5.37)	87.04	3.62	~~24.04~~	-
INTU	Intuit, INC	$ 645.98	$15.84	$18.33	40.78	35.24	13.4	3.05	2.63	181.25	18.83	9.63	31.56
ORCL	Oracle	$ 219.88	$5.05	$6.33	43.54	34.74	21.8	1.99	1.59	620.25	57.39	10.81	30.15
DDOG	Datadog, INC	$ 180.26	$0.21	$0.34	~~858.38~~	~~530.18~~	31.2	~~27.51~~	16.99	65.21	2.68	~~24.33~~	~~334.74~~
SAP	SAP, INC	$ 238.90	$7.01	$8.34	34.08	28.65	13.5	2.52	2.12	305.08	36.76	8.30	20.43
				Average	**41.75**	**31.46**		**2.39**	**1.91**	**210.88**		**8.06**	**27.15**
NOW	ServiceNow	$850.43	$8.57	$11.43	99.2	74.4	24.6	4.0	3.0	176.70	10.98	16.09	59.04

Implied Relative Value:

P/E (EPS25)	**$ 357.81**
P/E (EPS26)	**$ 359.57**
PEG (EPS25)	**$ 503.88**
PEG (EPS26)	**$ 535.99**
P/S	**425.89**
EV/EBITDA	**1602.7392**

ServiceNow

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
EPS	$ 8.57	$ 11.43	$ 14.89	$ 18.42	$ 22.54	$ 27.29	$ 32.50	$ 37.89	$ 43.69	$ 49.87
Key Assumptions										
CV growth of EPS	5.50%									
CV Year ROE	12.38%									
Cost of Equity	9.77%									
Future Cash Flows										
P/E Multiple (CV Year)										13.01
EPS (CV Year)										$ 49.87
Future Stock Price										$ 648.87
Dividends Per Share	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Discounted Cash Flows	0	0	0	0	0	0	0	0	0	157.39
Intrinsic Value as of Last FYE	$ 157.39									
Implied Price as of Today	$ 170.79									

ServiceNow

Key Management Ratios

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:																				
Current Ratio (Current Assets / Current Liabilities)	1.48	1.25	1.19	1.17	1.03	1.21	1.05	1.11	1.06	1.10	1.14	1.20	1.28	1.38	1.39	1.55	1.70	1.86	2.04	2.22
Operating Cash flow Ratio (Cash Flow from Operations / Current Liabilities)		0.24	0.09	0.20	0.36	0.25	0.22	0.18	0.18	0.11	0.30	0.32	0.33	0.35	0.33	0.37	0.38	0.39	0.40	0.41
Cash Ratio (Cash and Cash equivalents / Current liabilities)	0.56	0.37	0.36	0.28	0.28	0.45	0.35	0.24	0.26	0.28	0.34	0.45	0.57	0.69	0.77	0.90	1.06	1.23	1.41	1.60
Asset-Management Ratios:																				
Accounts Receivable Turnover (Total Sales/ Average A/R)	2.756	2.570	2.668	2.629	2.583	2.652	2.618	2.641	2.843	2.917	2.740	2.757	2.765	2.774	2.782	2.800	2.817	2.826	2.835	4.381
Asset Turnover (Total Sales / Average Total Asset)	0.556	0.684	0.544	0.673	0.575	0.519	0.546	0.545	0.516	0.539	0.564	0.578	0.579	0.574	0.564	0.566	0.545	0.520	0.494	0.468
Deferred Revenue to Total Assets Ratio (Deferred Revenue / Total Assets)	33%	42%	34%	43%	36%	34%	36%	35%	33%	33%	35%	36%	35%	35%	34%	34%	32%	30%	29%	27%
Financial Leverage Ratios:																				
Debt-to-Equity (Total Debt / TSE)	0.84	1.31	1.51	0.60	0.53	0.75	0.60	0.44	0.30	0.24	0.21	0.19	0.17	0.15	0.13	0.06	0.05	0.05	0.04	0.04
Debt-to-Assets (Total Debt / Total Assets)	26.26%	24.97%	33.05%	17.06%	18.78%	24.50%	20.50%	16.78%	13.14%	11.18%	9.55%	8.66%	7.84%	7.08%	6.37%	2.99%	2.81%	2.63%	2.47%	2.32%
Convertible Debt Ratio (Convertible Debt / Total Debt)	1.00	1.00	0.54	1.00	0.61	0.77	0.67	0.67	0.65	0.65	0.66	0.62	0.59	0.55	0.00	0.00	0.00	0.00	0.00	0.00
Profitability Ratios:																				
Return on Equity (NI / Beg TSE)		-73%	-30%	-3%	56%	6%	8%	9%	34%	19%	18%	22%	24%	25%	25%	25%	24%	23%	22%	21%
Gross Profit Margin (Gross Profit / Sales)	67.27%	71.31%	73.39%	76.13%	76.99%	78.16%	77.05%	78.29%	78.59%	79.18%	79.89%	80.05%	80.17%	80.26%	80.34%	80.39%	80.41%	80.40%	80.37%	80.32%
Net Profit Margin (Net Income / Sales	-19.74%	-29.78%	-6.04%	-1.02%	18.11%	2.63%	3.90%	4.49%	19.30%	12.97%	13.25%	14.74%	16.27%	17.18%	18.11%	19.04%	20.04%	21.01%	21.98%	22.97%
Payout Policy Ratios:																				
Dividend Payout Ratio (No Dividends Paid)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Payout Ratio ((Dividends + Repurchases)/NI))									31%	49%	34%	25%	20%	16%	13%	11%	9%	8%	7%	6%

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Valuation of Options Granted under ESOP

Current Stock Price	$850.43
Risk Free Rate	4.00%
Current Dividend Yield	0.00%
Annualized St. Dev. of Stock Returns	32.69%

Range of Outstanding Options	Number of Shares (in millions)	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	0.948	619.43	6.60	$ 448.39	$ 425
Range 2					
Range 3					
Range 4					
Range 5					
Range 6					$ -
Range 7					$ -
Range 8					$ -
Range 9					$ -
Total	1	$ 619.43	6.60	$ 448.39	**$ 425**

ServiceNow

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	1
Average Time to Maturity (years):	6.60
Expected Annual Number of Options Exercised:	0.144
Current Average Strike Price:	$ 619.43
Cost of Equity:	9.77%
Current Stock Price:	$850.43

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	0.14	0.14	0.14	0.14	0.14	0.14	0.09			
Average Strike Price:	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43	$ 619.43
Increase in Common Stock Account:	**89**	**89**	**89**	**89**	**89**	**89**	**53**	**-**	**-**	**-**
Share Repurchases ($)	600	600	600	600	600	600	600	600	600	600
Expected Price of Repurchased Shares:	$ 850.43	$ 933.53	$ 1,024.74	$ 1,124.88	$ 1,234.79	$ 1,355.44	$ 1,487.89	$ 1,633.27	$ 1,792.86	$ 1,968.05
Number of Shares Repurchased:	**1**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**
Shares Outstanding (beginning of the year)	206.5	207	206	206	205	205	205	204	204	204
Plus: Shares Issued Through ESOP	1	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	1	1	1	1	0	0	0	0	0	0
Shares Outstanding (end of the year)	**207**	**206**	**206**	**205**	**205**	**205**	**204**	**204**	**204**	**203**