
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (date of earliest event reported): January 30, 2013

SERVICENOW, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-35580

(Commission
File Number)

20-2056195

(I.R.S. Employer
Identification Number)

4810 Eastgate Mall

San Diego, California

(Address of Principal Executive Offices)

92121

(Zip Code)

Registrant's telephone number, including area code: (858) 720-0477

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On January 30, 2013, ServiceNow, Inc. (“ServiceNow”) issued a press release announcing financial results for the three months and year ended December 31, 2012.

This press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by this reference.

The information in this report, including the exhibit hereto, is furnished pursuant to Item 2.02 of Form 8-K and is not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities of that section. The information contained herein and in the accompanying exhibit is not incorporated by reference in any filing of ServiceNow under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

Use of Non-GAAP Financial Information

ServiceNow reports non-GAAP results for gross margins, operating margins, net income or loss, basic and diluted income or loss per share, free cash flow and billings in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The company’s financial measures under GAAP include stock-based compensation expense. Management believes the presentation of operating results excluding stock-based compensation expense provides useful supplemental information to investors and facilitates the analysis of the company’s core operating results and comparison of operating results across reporting periods. Management also believes that this supplemental non-GAAP information is therefore useful to investors in analyzing and assessing the company’s past and future operating performance.

Free cash flow, which is a non-GAAP financial measure, is calculated as GAAP net cash provided by operating activities reduced by purchases of property and equipment. Management believes information regarding free cash flow provides investors with an important perspective on the cash available to invest in the company’s business and fund ongoing operations. However, the company’s calculation of free cash flow may not be comparable to similar measures used by other companies.

Billings is calculated as revenue plus the change in total deferred revenue. Management believes that billings offers investors useful supplemental information regarding the performance of the company’s business, and will help investors better understand the sales volumes and performance of the company’s business.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business.

Reconciliation to the nearest GAAP financial measures of the non-GAAP financial measures is included in the press release attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release dated January 30, 2013, announcing ServiceNow, Inc.’s financial results for the three months and year ended December 31, 2012.

SIGNATURES

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

SERVICENOW, INC.

By: /s/ Michael Scarpelli

Michael Scarpelli
Chief Financial Officer

Date: January 30, 2013

Exhibit List

Exhibit No.

Exhibit Title

99.1

Press release dated January 30, 2013, announcing ServiceNow, Inc.'s financial results for the three months and year ended December 31, 2012.



FOR IMMEDIATE RELEASE

ServiceNow Reports Financial Results for Fourth Quarter and Fiscal Year 2012

Fourth Quarter Revenue Grew 92% Year-over-Year and 17% Quarter-over-Quarter

SAN DIEGO — January 30, 2013 – ServiceNow (NYSE: NOW), the enterprise IT cloud company, today announced its financial results for its fourth quarter and fiscal year 2012.

Fourth quarter 2012 results:

- Revenues of \$75.2 million, an increase of 92% compared to the fourth quarter of 2011, and an increase of 17% from the third quarter of 2012.
- A GAAP net loss for the quarter of \$9.9 million, or a loss of \$0.08 per basic and diluted share, compared to a GAAP net loss of \$6.8 million, or a loss of \$0.32 per basic and diluted share, in the fourth quarter of 2011.
- A non-GAAP net loss for the quarter of \$0.6 million, or a loss of \$0 per basic and diluted share, compared to a non-GAAP net loss of \$3.6 million, or a loss of \$0.17 per basic and diluted share, in the fourth quarter of 2011 (see the table entitled “Results of Operations GAAP to Non-GAAP Reconciliation” for a reconciliation of these GAAP and non-GAAP financial measures).
- Deferred Revenue of \$170.4 million, a 15% increase over the \$147.9 million reported at the end of the prior quarter.
- Billings were \$97.6 million, a 20% increase over the \$81.2 million reported in the previous quarter and a 58% increase over the \$61.9 million in the same period last year (see the table entitled “Non-GAAP Billings Reconciliation” for a reconciliation of non-GAAP billings to GAAP revenues).
- Backlog of \$379.0 million, an 81% increase over the \$209.9 million reported at the end of 2011. Backlog excludes deferred revenue as it represents future amounts to be invoiced under our agreements.

Fiscal 2012 results:

- Revenues of \$243.7 million, an increase of 90% compared to 2011.
- A GAAP net loss for the year of \$37.3 million, or a loss of \$0.51 per basic and diluted share, compared to a GAAP net loss of \$1.7 million, or a loss of \$0.11 per basic and diluted share, in 2011.
- A non-GAAP net loss for the year of \$9.7 million, or a loss of \$0.14 per basic and diluted share, compared to non-GAAP net income of \$5.8 million, or income of \$0.05 per basic and \$0.04 per diluted share, in 2011 (see the table entitled “Results of Operations GAAP to Non-GAAP Reconciliation” for a reconciliation of these GAAP and non-GAAP financial measures).
- Billings were \$309.4 million, a 72% increase over the \$179.4 million reported in 2011 (see the table entitled “Non-GAAP Billings Reconciliation” for a reconciliation of non-GAAP billings to GAAP revenues).

“ServiceNow’s 92% revenue growth in the fourth quarter was a strong finish to our fiscal year, a year in which we delivered 90% revenue growth and added 538 customers, bringing our cumulative customer count to 1,512 worldwide,” said Frank Sloodman, president and chief executive officer, ServiceNow. “During the quarter we also achieved a customer renewal rate of 98% and upsells compromised more than 32% of our total annual contract value signed during the quarter, a testament to the value our existing customers are finding in the ServiceNow platform.”

“We continued to show growth across our key financial metrics and we exceeded our previously stated outlook on revenue and non-GAAP EPS,” added Michael Scarpelli, chief financial officer, ServiceNow. “Deferred revenue grew sequentially by 15%, marking the sixth consecutive quarter of double digit sequential growth, and we generated \$16.7 million in operating cash flow for the quarter.”

Financial Outlook

The financial guidance discussed below is on a non-GAAP basis, except for revenues, and excludes stock-based compensation expense and the related income tax impact (see table which reconciles these non-GAAP financial measures to the related GAAP measures). Negative numbers are shown in parentheses.

For the first quarter of 2013, we expect:

- Total revenues between \$81.5 and \$82.5 million, representing sequential growth between 8% and 10%. Our total first quarter revenues estimate consists of subscription revenues between \$69 and \$69.5 million and professional services and other revenues between \$12.5 million and \$13 million.
- Subscription gross margin between 73% and 74%, professional services and other gross margin between 0% and 4%, and overall gross margin between 62% and 63%.
- Operating margin between (4%) and (2%).
- A loss per basic and diluted share between \$0.05 and \$0.04 with weighted-average shares outstanding of approximately 129 million.

For the full year 2013 we expect revenues to be in the range of \$387 to \$392 million, representing year-over-year growth between 59% and 61%. Our total annual revenues estimate consists of subscription revenues between \$327 and \$329 million and professional services and other revenues between \$60 and \$63 million.

Fourth quarter highlights

- In November, ServiceNow closed its follow-on public offering, in which ServiceNow and selling shareholders sold 16,100,000 shares of common stock at a price of \$28.00 per share, including the exercise in full by the underwriters of their option to purchase 2,100,000 shares of common stock. Of the 16,100,000 shares of ServiceNow's common stock sold in the follow-on public offering, 1,897,500 shares were sold by ServiceNow and 14,202,500 shares were sold by selling stockholders. The offering generated net proceeds to the company of \$50.6 million.
- In November, ServiceNow ranked 33rd on the Deloitte Technology Fast 500, a list of the 500 fastest growing technology companies.
- In December, Inc. Magazine recognized ServiceNow with a HirePower award, which honors America's top 100 job creators. According to Inc., ServiceNow was the #1 job creator in the software industry and #14 overall.

Conference Call Details

ServiceNow will host a conference call to discuss its financial results for the fourth quarter of 2012 to begin today at 2 p.m. PDT (22:00 GMT). Interested parties may listen to the call by dialing 866.272.9941 (passcode: 20843149), or if outside North America, by dialing 617.213.8895 (passcode: 20843149). Individuals may access the live teleconference from the investor relations section of the ServiceNow web site at <http://investors.servicenow.com>. The webcast will be archived for a period of 30 days.

An audio replay of the conference call will also be available two hours after the call and will run for 30 days. To hear the replay interested parties may dial 888.286.8010 (passcode: 15709467), or if outside North America, by dialing 617.801.6888 (passcode: 15709467).

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for gross margins, operating margins, net income or loss, basic and diluted income or loss per share, free cash flow and billings in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The company's financial measures under GAAP include stock-based compensation expense. Management believes the presentation of operating results excluding stock-based compensation expense provides useful supplemental information to investors and facilitates the analysis of the company's core operating results and comparison of operating results across reporting periods. Management also believes that this supplemental non-GAAP information is therefore useful to investors in analyzing and assessing the company's past and future operating performance.

Free cash flow, which is a non-GAAP financial measure, is calculated as GAAP net cash provided by operating activities reduced by purchases of property and equipment. Management believes information regarding free cash flow provides investors with an important perspective on the cash available to invest in our business and fund ongoing operations. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

Billings is calculated as revenue plus the change in total deferred revenue. Management believes billings offers investors useful supplemental information regarding the performance of our business, and will help investors better understand the sales volumes and performance of our business.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP results are presented in the tables of this release.

Use of forward looking statements

This release contains “forward-looking statements” regarding our performance, including in the section entitled “Financial Outlook.” Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make.

Among the important factors that could cause actual results to differ materially from those in any forward-looking statements are (i) possible fluctuations in our financial and operating results, (ii) our ability to grow at our expected rate of growth and anticipated revenue run rate, including our ability to convert deferred revenue and unbilled deferred revenue into revenue, successfully deploy new customers, and continue to release, and gain customer acceptance of, new and improved versions of our service, and (iii) errors, interruptions, delays, or security breaches of our service or web hosting.

Further information on these and other factors that could affect our financial results are included in our Form 10-Q for the quarter ended September 30, 2012 and in other filings we make with the Securities and Exchange Commission from time to time, including our Form 10-K that will be filed for the fiscal year ended December 31, 2012.

We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts’ expectations, or to provide interim reports or updates on the progress of the current financial quarter.

About ServiceNow

ServiceNow is the enterprise IT cloud company. We focus on transforming enterprise IT by automating and standardizing business processes and consolidating IT across the global

enterprise. Organizations deploy our service to create a single system of record for enterprise IT, lower operational costs and enhance efficiency. Additionally, our customers use our extensible platform to build custom applications for automating activities unique to their business requirements. For more information, visit www.servicenow.com.

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ServiceNow and the ServiceNow logo are registered trademarks of ServiceNow. All other brand and product names are trademarks or registered trademarks of their respective holders.

Media Contacts:

Liza S. Goldberg
ServiceNow
408.851.8553
liza.goldberg@servicenow.com

or

Steve Schick
ServiceNow
408.961.2349
steve.schick@servicenow.com

Kim McCrossen
Schwartz MSL
781.684.6253
servicenow@schwartzmsl.com

Investor Contact:

858.345.1756
ir@servicenow.com

ServiceNow, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(Unaudited)

| | Three Months Ended | | Year Ended | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| Revenues: | | | | |
| Subscription | \$ 62,886 | \$ 34,555 | \$ 204,526 | \$ 110,886 |
| Professional services and other | 12,276 | 4,623 | 39,186 | 17,186 |
| Total revenues | <u>75,162</u> | <u>39,178</u> | <u>243,712</u> | <u>128,072</u> |
| Cost of revenues ⁽¹⁾: | | | | |
| Subscription | 20,076 | 8,750 | 63,258 | 24,288 |
| Professional services and other | 12,232 | 7,241 | 40,751 | 22,336 |
| Total cost of revenues | <u>32,308</u> | <u>15,991</u> | <u>104,009</u> | <u>46,624</u> |
| Gross profit | <u>42,854</u> | <u>23,187</u> | <u>139,703</u> | <u>81,448</u> |
| Operating expenses ⁽¹⁾: | | | | |
| Sales and marketing | 29,481 | 18,521 | 103,837 | 52,896 |
| Research and development | 13,235 | 4,273 | 39,333 | 11,276 |
| General and administrative | 9,676 | 5,575 | 34,117 | 16,046 |
| Total operating expenses | <u>52,392</u> | <u>28,369</u> | <u>177,287</u> | <u>80,218</u> |
| Income (loss) from operations | <u>(9,538)</u> | <u>(5,182)</u> | <u>(37,584)</u> | <u>1,230</u> |
| Interest and other income (expense), net | 456 | (717) | 1,604 | (1,129) |
| Income (loss) before provision for income taxes | <u>(9,082)</u> | <u>(5,899)</u> | <u>(35,980)</u> | <u>101</u> |
| Provision for income taxes | 849 | 906 | 1,368 | 1,758 |
| Net income (loss) | <u>\$ (9,931)</u> | <u>\$ (6,805)</u> | <u>\$ (37,348)</u> | <u>\$ (1,657)</u> |
| Net income (loss) attributable to common stockholders— Basic and Diluted | <u>\$ (9,931)</u> | <u>\$ (6,960)</u> | <u>\$ (37,656)</u> | <u>\$ (2,282)</u> |
| Net income (loss) per share attributable to common stockholders: | | | | |
| Basic | <u>\$ (0.08)</u> | <u>\$ (0.32)</u> | <u>\$ (0.51)</u> | <u>\$ (0.11)</u> |
| Diluted | <u>\$ (0.08)</u> | <u>\$ (0.32)</u> | <u>\$ (0.51)</u> | <u>\$ (0.11)</u> |
| Weighted-average shares used to compute net income (loss) per share attributable to common stockholders: | | | | |
| Basic | <u>124,000,655</u> | <u>21,515,078</u> | <u>73,908,631</u> | <u>20,154,088</u> |
| Diluted | <u>124,000,655</u> | <u>21,515,078</u> | <u>73,908,631</u> | <u>20,154,088</u> |

⁽¹⁾ Includes total stock-based compensation expense for stock-based awards as follows:

| | Three Months Ended | | Year Ended | |
|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| Cost of revenues: | | | | |
| Subscription | \$ 1,415 | \$ 473 | \$ 3,929 | \$ 997 |
| Professional services and other | 610 | 122 | 1,574 | 273 |
| Sales and marketing | 3,337 | 1,210 | 10,189 | 2,583 |
| Research and development | 2,375 | 441 | 6,496 | 965 |
| General and administrative | 1,612 | 1,000 | 5,749 | 2,652 |

ServiceNow, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

| | <u>December 31, 2012</u> (Unaudited) | <u>December 31, 2011</u> |
|--|---|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 118,989 | \$ 68,088 |
| Short-term investments | 195,702 | — |
| Accounts receivable, net | 78,163 | 44,860 |
| Current portion of deferred commissions | 14,979 | 6,087 |
| Prepaid expenses and other current assets | 13,596 | 9,928 |
| Current portion of deferred tax assets | 660 | 1,544 |
| Total current assets | 422,089 | 130,507 |
| Deferred commissions, less current portion | 11,296 | 4,597 |
| Property and equipment, net | 42,342 | 20,695 |
| Other assets | 2,387 | 524 |
| Total assets | <u>\$ 478,114</u> | <u>\$ 156,323</u> |
| LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,604 | \$ 9,411 |
| Accrued expenses and other current liabilities | 48,042 | 25,608 |
| Current portion of deferred revenue | 153,964 | 91,087 |
| Current portion of deferred rent | 17 | 455 |
| Total current liabilities | 211,627 | 126,561 |
| Deferred revenue, less current portion | 16,397 | 13,549 |
| Deferred rent, less current portion | 1,148 | 2,935 |
| Other long-term liabilities | 5,537 | 2,532 |
| Convertible preferred stock | — | 68,172 |
| Stockholders' equity (deficit) | 243,405 | (57,426) |
| Total liabilities, convertible preferred stock and stockholders' equity (deficit) | <u>\$ 478,114</u> | <u>\$ 156,323</u> |

ServiceNow, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

| | Three Months Ended | | Year Ended | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| Cash flows from operating activities: | | | | |
| Net loss | \$ (9,931) | \$ (6,805) | \$ (37,348) | \$ (1,657) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 4,664 | 1,221 | 13,506 | 3,015 |
| Amorization of premiums on short-term investments, net | 743 | — | 1,337 | — |
| Amortization of deferred commissions | 4,446 | 1,931 | 13,710 | 5,873 |
| Stock-based compensation | 9,349 | 3,246 | 27,937 | 7,470 |
| Tax benefit from exercise of stock options | (1,161) | (41) | (1,694) | (62) |
| Deferred tax assets | (746) | — | (746) | — |
| Bad debt expense | 236 | — | 384 | — |
| (Gain) loss on disposal of property and equipment | — | 72 | (1) | 132 |
| Lease abandonment costs | (455) | — | 2,467 | — |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (22,276) | (19,728) | (33,341) | (27,496) |
| Deferred commissions | (8,650) | (5,282) | (29,175) | (11,701) |
| Prepaid expenses and other current assets | (6,779) | (1,575) | (2,537) | (3,667) |
| Other assets | (332) | (42) | (367) | (310) |
| Accounts payable | 4,993 | 723 | 4,887 | 2,589 |
| Accrued expenses and other current liabilities | 18,304 | 6,551 | 22,948 | 10,790 |
| Deferred rent | 730 | (68) | (2,227) | 3,085 |
| Deferred revenue | 21,764 | 22,759 | 64,845 | 51,348 |
| Other long-term liabilities | 1,772 | 574 | 4,181 | 568 |
| Net cash provided by operating activities | <u>16,671</u> | <u>3,536</u> | <u>48,766</u> | <u>39,977</u> |
| Cash flows from investing activities: | | | | |
| Purchases of property and equipment | (9,910) | (5,442) | (42,066) | (14,635) |
| Purchases of short-term investments | (93,704) | — | (240,626) | — |
| Sale of short-term investments | — | — | 1,025 | — |
| Maturities of short-term investments | 36,673 | — | 42,473 | — |
| Restricted cash | 37 | — | 45 | 150 |
| Net cash used in investing activities | <u>(66,904)</u> | <u>(5,442)</u> | <u>(239,149)</u> | <u>(14,485)</u> |
| Cash flows from financing activities: | | | | |
| Net proceeds from initial public offering | (15) | — | 169,784 | — |
| Net proceeds from follow-on offering | 50,561 | — | 50,561 | — |
| Proceeds from exercise of stock options | 614 | 316 | 2,963 | 1,625 |
| Proceeds (buyback) from early exercise of stock options | (75) | 30 | 949 | 1,487 |
| Tax benefit from exercise of stock options | 1,161 | 41 | 1,694 | 62 |
| Net proceeds from issuance of common stock | — | — | 17,848 | — |
| Purchases of common stock and restricted stock from stockholders | — | (15) | (1,960) | (15) |
| Net cash provided by financing activities | <u>52,246</u> | <u>372</u> | <u>241,839</u> | <u>3,159</u> |
| Foreign currency effect on cash and cash equivalents | — | 586 | (555) | 980 |
| Net increase (decrease) in cash and cash equivalents | <u>2,013</u> | <u>(948)</u> | <u>50,901</u> | <u>29,631</u> |
| Cash and cash equivalents at beginning of period | 116,976 | 69,036 | 68,088 | 38,457 |
| Cash and cash equivalents at end of period | <u>\$ 118,989</u> | <u>\$ 68,088</u> | <u>\$ 118,989</u> | <u>\$ 68,088</u> |
| Calculation of free cash flow (a non-GAAP measure): | | | | |
| Net cash provided by operating activities | \$ 16,671 | \$ 3,536 | \$ 48,766 | \$ 39,977 |
| Purchases of property and equipment | (9,910) | (5,442) | (42,066) | (14,635) |
| Free cash flow | <u>\$ 6,761</u> | <u>\$ (1,906)</u> | <u>\$ 6,700</u> | <u>\$ 25,342</u> |

ServiceNow, Inc.
Results of Operations GAAP to Non-GAAP Reconciliation
(in thousands except share and per share data)
(Unaudited)

| | Three Months Ended | | | | | |
|--|--------------------|----------------------------|-------------|-------------------|----------------------------|------------|
| | December 31, 2012 | | | December 31, 2011 | | |
| | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP |
| Reconciliation of gross profit: | | | | | | |
| Revenues: | | | | | | |
| Subscription | \$ 62,886 | \$ — | \$ 62,886 | \$ 34,555 | \$ — | \$ 34,555 |
| Professional services and other | 12,276 | — | 12,276 | 4,623 | — | 4,623 |
| Total revenues | 75,162 | — | 75,162 | 39,178 | — | 39,178 |
| Cost of revenues: | | | | | | |
| Subscription | 20,076 | (1,415) | 18,661 | 8,750 | (473) | 8,277 |
| Professional services and other | 12,232 | (610) | 11,622 | 7,241 | (122) | 7,119 |
| Total cost of revenues | 32,308 | (2,025) | 30,283 | 15,991 | (595) | 15,396 |
| Gross profit: | | | | | | |
| Subscription | 42,810 | 1,415 | 44,225 | 25,805 | 473 | 26,278 |
| Professional services and other | 44 | 610 | 654 | (2,618) | 122 | (2,496) |
| Total gross profit | \$ 42,854 | \$ 2,025 | \$ 44,879 | \$ 23,187 | \$ 595 | \$ 23,782 |
| Reconciliation of operating expenses: | | | | | | |
| Operating expenses: | | | | | | |
| Sales and marketing | \$ 29,481 | \$ (3,337) | \$ 26,144 | \$ 18,521 | \$ (1,210) | \$ 17,311 |
| Research and development | 13,235 | (2,375) | 10,860 | 4,273 | (441) | 3,832 |
| General and administrative | 9,676 | (1,612) | 8,064 | 5,575 | (1,000) | 4,575 |
| Total operating expenses | \$ 52,392 | \$ (7,324) | \$ 45,068 | \$ 28,369 | \$ (2,651) | \$ 25,718 |
| Reconciliation of income (loss) from operations, provision for income taxes, net income (loss), net income (loss) per share, and pro forma net income (loss) per share: | | | | | | |
| Income (loss) from operations | \$ (9,538) | \$ 9,349 | \$ (189) | \$ (5,182) | \$ 3,246 | \$ (1,936) |
| Income (loss) before provision for income taxes | \$ (9,082) | \$ 9,349 | \$ 267 | \$ (5,899) | \$ 3,246 | \$ (2,653) |
| Provision for income taxes | 849 | 32 | 881 | 906 | 2 | 908 |
| Net income (loss) | \$ (9,931) | \$ 9,317 | \$ (614) | \$ (6,805) | \$ 3,244 | \$ (3,561) |
| Net income (loss) attributable to common stockholders—Basic and Diluted | \$ (9,931) | \$ 9,317 | \$ (614) | \$ (6,960) | \$ 3,244 | \$ (3,716) |
| Net income (loss) per share attributable to common stockholders: | | | | | | |
| Basic | \$ (0.08) | \$ 0.08 | \$ (0.00) | \$ (0.32) | \$ 0.15 | \$ (0.17) |
| Diluted | \$ (0.08) | \$ 0.08 | \$ (0.00) | \$ (0.32) | \$ 0.15 | \$ (0.17) |
| Weighted-average shares used to compute net income (loss) per share attributable to common stockholders: | | | | | | |
| Basic | 124,000,655 | — | 124,000,655 | 21,515,078 | — | 21,515,078 |
| Diluted | 124,000,655 | — | 124,000,655 | 21,515,078 | — | 21,515,078 |

⁽¹⁾ Adjustments include stock-based compensation and the related tax effect.

ServiceNow, Inc.
Results of Operations GAAP to Non-GAAP Reconciliation
(in thousands except share and per share data)
(Unaudited)

| | Year Ended | | | | | |
|--|--------------------|----------------------------|--------------------|-------------------|----------------------------------|-------------------|
| | December 31, 2012 | | | December 31, 2011 | | |
| | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP |
| Reconciliation of gross profit: | | | | | | |
| Revenues: | | | | | | |
| Subscription | \$ 204,526 | \$ — | \$ 204,526 | \$ 110,886 | \$ — | \$ 110,886 |
| Professional services and other | 39,186 | — | 39,186 | 17,186 | — | 17,186 |
| Total revenues | <u>243,712</u> | <u>—</u> | <u>243,712</u> | <u>128,072</u> | <u>—</u> | <u>128,072</u> |
| Cost of revenues: | | | | | | |
| Subscription | 63,258 | (3,929) | 59,329 | 24,288 | (997) | 23,291 |
| Professional services and other | 40,751 | (1,574) | 39,177 | 22,336 | (273) | 22,063 |
| Total cost of revenues | <u>104,009</u> | <u>(5,503)</u> | <u>98,506</u> | <u>46,624</u> | <u>(1,270)</u> | <u>45,354</u> |
| Gross profit: | | | | | | |
| Subscription | 141,268 | 3,929 | 145,197 | 86,598 | 997 | 87,595 |
| Professional services and other | (1,565) | 1,574 | 9 | (5,150) | 273 | (4,877) |
| Total gross profit | <u>\$ 139,703</u> | <u>\$ 5,503</u> | <u>\$ 145,206</u> | <u>\$ 81,448</u> | <u>\$ 1,270</u> | <u>\$ 82,718</u> |
| Reconciliation of operating expenses: | | | | | | |
| Operating expenses: | | | | | | |
| Sales and marketing | \$ 103,837 | \$ (10,189) | \$ 93,648 | \$ 52,896 | \$ (2,583) | \$ 50,313 |
| Research and development | 39,333 | (6,496) | 32,837 | 11,276 | (965) | 10,311 |
| General and administrative | 34,117 | (5,749) | 28,368 | 16,046 | (2,652) | 13,394 |
| Total operating expenses | <u>\$ 177,287</u> | <u>\$ (22,434)</u> | <u>\$ 154,853</u> | <u>\$ 80,218</u> | <u>\$ (6,200)</u> | <u>\$ 74,018</u> |
| Reconciliation of income (loss) from operations, provision for income taxes, net income (loss), net income (loss) per share, and pro forma net income (loss) per share: | | | | | | |
| Income (loss) from operations | \$ (37,584) | \$ 27,937 | \$ (9,647) | \$ 1,230 | \$ 7,470 | \$ 8,700 |
| Income (loss) before provision for income taxes | \$ (35,980) | \$ 27,937 | \$ (8,043) | \$ 101 | \$ 7,470 | \$ 7,571 |
| Provision for income taxes | 1,368 | 333 | 1,701 | 1,758 | 20 | 1,778 |
| Net income (loss) | <u>\$ (37,348)</u> | <u>\$ 27,604</u> | <u>\$ (9,744)</u> | <u>\$ (1,657)</u> | <u>\$ 7,450</u> | <u>\$ 5,793</u> |
| Net income (loss) attributable to common stockholders—Basic | <u>\$ (37,656)</u> | <u>\$ 27,604</u> | <u>\$ (10,052)</u> | <u>\$ (2,282)</u> | <u>\$ 3,281 ⁽²⁾</u> | <u>\$ 999</u> |
| Net income (loss) attributable to common stockholders—Diluted | <u>\$ (37,656)</u> | <u>\$ 27,604</u> | <u>\$ (10,052)</u> | <u>\$ (2,282)</u> | <u>\$ 3,673 ⁽²⁾</u> | <u>\$ 1,391</u> |
| Net income (loss) per share attributable to common stockholders: | | | | | | |
| Basic | <u>\$ (0.51)</u> | <u>\$ 0.37</u> | <u>\$ (0.14)</u> | <u>\$ (0.11)</u> | <u>\$ 0.16</u> | <u>\$ 0.05</u> |
| Diluted | <u>\$ (0.51)</u> | <u>\$ 0.37</u> | <u>\$ (0.14)</u> | <u>\$ (0.11)</u> | <u>\$ 0.15</u> | <u>\$ 0.04</u> |
| Weighted-average shares used to compute net income (loss) per share attributable to common stockholders: | | | | | | |
| Basic | <u>73,908,631</u> | <u>—</u> | <u>73,908,631</u> | <u>20,154,088</u> | <u>—</u> | <u>20,154,088</u> |
| Diluted | <u>73,908,631</u> | <u>—</u> | <u>73,908,631</u> | <u>20,154,088</u> | <u>11,425,466 ⁽³⁾</u> | <u>31,579,554</u> |

⁽¹⁾ Adjustments include stock-based compensation and the related tax effect.

⁽²⁾ Adjustment includes stock-based compensation and the related tax effect, and an allocation of net income to participating preferred stockholders.

⁽³⁾ The effects of these dilutive securities were not included in the GAAP calculation of diluted income (loss) per share for the year ended December 31, 2011 because the effect would have been anti-dilutive.

ServiceNow, Inc.
Non-GAAP Billings Reconciliation
(in thousands)
(Unaudited)

| | Three Months Ended | | | Year Ended | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | September 30, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| Total revenues | \$ 75,162 | \$ 64,345 | \$ 39,178 | 243,712 | 128,072 |
| Deferred revenue, end of period | 170,361 | 147,946 | 104,636 | 170,361 | 104,636 |
| Less: deferred revenue, beginning of period | 147,946 | 131,069 | 81,877 | 104,636 | 53,288 |
| Billings | <u>\$ 97,577</u> | <u>\$ 81,222</u> | <u>\$ 61,937</u> | <u>\$ 309,437</u> | <u>\$ 179,420</u> |

ServiceNow, Inc.
Reconciliation of Non-GAAP Financial Guidance

The financial guidance provided below is an estimate based on information available as of January 30, 2013. The company's future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect the company's financial results are stated above in this press release. More information on potential factors that could affect the company's financial results is included from time to time in the company's public reports filed with the SEC, including the company's prospectuses filed on June 29, 2012 and November 15, 2012, the company's Form 10-Q for the quarter ended June 30, 2012 filed on August 10, 2012, and the company's Form 10-Q for the quarter ended September 30, 2012 filed on October 31, 2012. The company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

| | Three Months Ended March 31, 2013 |
|--|--|
| Non-GAAP subscription gross margin | 73% - 74% |
| Stock-based compensation expense | (2%) |
| GAAP subscription gross margin | 71% - 72% |
| Non-GAAP professional services and other gross margin | 0% - 4% |
| Stock-based compensation expense | (7%) |
| GAAP professional services and other gross margin | (7%) - (3%) |
| Non-GAAP total gross margin | 62% - 63% |
| Stock-based compensation expense | (3%) |
| GAAP total gross margin | 59% - 60% |
| Non-GAAP operating margin | (4%) - (2%) |
| Stock-based compensation expense | (12%) |
| GAAP operating margin | (16%) - (14%) |
| Non-GAAP basic and diluted net loss per share | (\$0.05) - (\$0.04) |
| Stock-based compensation expense | (\$0.08) |
| Incremental non-GAAP tax expense ⁽¹⁾ | \$0.03 |
| GAAP basic and diluted net loss per share | (\$0.10) - (\$0.09) |

⁽¹⁾ Incremental non-GAAP tax expense reflects the increase to GAAP tax expense related to the non-GAAP stock-based compensation expense adjustments.