As filed with the Securities and Exchange Commission on June 19, 2012

Registration No. 333-180486

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
to
FORM S-1
REGISTRATION STATEMENT
Under
the Securities Act of 1933

SERVICENOW, INC.
(Exact name of registrant as specified in its charter)

Delaware	**7372**	**20-2056195**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

ServiceNow, Inc.
12225 El Camino Real, Suite 100
San Diego, California 92130
(858) 720-0477
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Frank Slootman
President and Chief Executive Officer
ServiceNow, Inc.
12225 El Camino Real, Suite 100
San Diego, California 92130
(858) 720-0477
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

Gordon K. Davidson, Esq. **Robert A. Freedman, Esq.** **Dawn H. Belt, Esq.** **Fenwick & West LLP** **801 California Street** **Mountain View, CA 94041** **(650) 988-8500**	**Robert Specker, Esq.** **General Counsel** **ServiceNow, Inc.** **12225 El Camino Real, Suite 100** **San Diego, California 92130** **(858) 720-0477**	**Eric C. Jensen, Esq.** **John T. McKenna, Esq.** **Cooley LLP** **3175 Hanover Street** **Palo Alto, CA 94304** **(650) 843-5000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐		Accelerated filer ☐
Non-accelerated filer ☒	(Do not check if a smaller reporting company)	Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, $0.001 par value per share	13,397,500	$17.00	$227,757,500	$26,102.00

(1) Includes 1,747,500 additional shares that may be purchased pursuant to the over-allotment option to be granted to the underwriters.
(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(3) The Registrant previously paid $17,190.00 of the total registration fee in connection with the prior filings of this Registration Statement. In accordance with Rule 457(a), an additional registration fee of $8,912.00 is being paid in connection with this amendment to the Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither we nor the selling stockholders are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued June 19, 2012

11,650,000 Shares

servicenow™

COMMON STOCK

ServiceNow, Inc. is offering 9,000,000 shares of common stock and the selling stockholders are offering 2,650,000 shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering and no public market currently exists for our shares. We anticipate that the initial public offering price will be between $15.00 and $17.00 per share.

Our common stock has been approved for listing on the New York Stock Exchange under the symbol "NOW."

We are an "emerging growth company" as defined under the federal securities laws. Investing in our common stock involves risks. See "Risk Factors" beginning on page 10.

PRICE $ A SHARE

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to ServiceNow***	***Proceeds to Selling Stockholders***
Per Share	$	$	$	$
Total	$	$	$	$

We and the selling stockholders have granted the underwriters the right to purchase up to an additional 1,747,500 shares of common stock to cover over-allotments.

The Securities and Exchange Commission and state regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on , 2012.

MORGAN STANLEY *CITIGROUP* *DEUTSCHE BANK SECURITIES*

BARCLAYS *CREDIT SUISSE* *UBS INVESTMENT BANK*

PACIFIC CREST SECURITIES *WELLS FARGO SECURITIES*

, 2012

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling stockholders are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including , 2012 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we, the selling stockholders, nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SERVICENOW, INC.

Overview

ServiceNow is a leading provider of cloud-based services to automate enterprise information technology, or IT, operations. Our service includes a suite of applications built on our proprietary platform that automates workflow and integrates related business processes. 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, to lower operational costs and to enhance efficiency. Additionally, our customers use our extensible platform to build custom applications for automating activities unique to their business requirements.

We help transform IT organizations from reactive, manual and task-oriented, to pro-active, automated and service-oriented organizations. Our on-demand service enables organizations to define their IT strategy, design the systems and infrastructure that will support that strategy, and implement, manage and automate that infrastructure throughout its lifecycle. We provide a broad set of integrated applications that are highly configurable and can be efficiently implemented and upgraded. Further, our multi-instance architecture has proven scalability for global enterprises, as well as advantages in security, reliability and deployment location.

We offer our service under a Software-as-a-Service, or SaaS, business model. Customers can rapidly deploy our service in a modular fashion, allowing them to solve immediate business needs and access, configure and build new applications as their requirements evolve. Our service, which is accessed through an intuitive web-based interface, can be easily configured to adapt to customer workflow and processes. Upgrades to our service are designed to be efficient and compatible with configuration changes and applied with minimal disruption to ongoing operations.

We have achieved significant growth in recent periods. A majority of our revenues comes from large, global enterprise customers. Our total customers grew 61% from 668 as of March 31, 2011 to 1,074 as of March 31, 2012. Our customers operate in a wide variety of industries, including financial services, consumer products, IT services, health care and technology. For the fiscal years ended June 30, 2010 and 2011, our revenues grew 114% from $43.3 million to $92.6 million. We incurred a net loss of $29.7 million and generated net income of $9.8 million for the fiscal years ended June 30, 2010 and 2011, respectively. For the six months ended December 31, 2010 and 2011, our revenues grew 93% from $37.9 million to $73.4 million. We generated net income of $4.8 million and incurred a net loss of $6.7 million for the six months ended December 31, 2010 and 2011, respectively. For the three months ended March 31, 2011 and 2012, our revenues grew 88% from $25.2 million to $47.4 million. We generated net income of $3.0 million and incurred a net loss of $5.6 million for the three months ended March 31, 2011 and 2012, respectively.

Our Industry

Enterprises Face Increasing Challenges in Managing and Automating IT Operations

For decades, enterprises have invested in IT to empower their workforces and enable business critical functionality. This investment reflects enterprise dependence on a myriad of software applications, databases, operating systems, servers, networking equipment, personal computers, mobile devices, and a variety of other hardware and software assets. When managing the IT environment, enterprises face significant challenges:

Complexity of IT environments. The accelerating adoption of cloud-based services, virtual servers and desktops, and mobile technologies has added to the complexity of enterprise IT environments.

Budget pressures. IT executives are consistently asked to deliver more value for less cost, and to provide transparency regarding the true costs and business value of IT investments. The most recent downturn in the global economy has heightened these demands.

Alignment to business goals. IT organizations are increasingly asked to be proactive and design and develop new processes that span the entire enterprise, rather than support a set of discrete technologies and react to business changes. IT organizations must develop strategies to enable necessary business changes. This has resulted in a much greater need for alignment of IT strategy and performance with overall business performance.

Consumerization of IT. Individuals are spending more time interacting with intuitive, social and mobile consumer-oriented Internet services. These experiences have increased business users' expectations that they can access and interact with corporate IT technologies in a similar, familiar way. IT organizations are struggling to respond to these increased demands in a cost-effective manner.

Integration and standardization. Enterprises need integrated and standardized solutions that work with their existing systems and follow the most recent Information Technology Infrastructure Library, or ITIL, standard, a set of recommended business processes designed and adopted by IT operations industry participants globally to maximize the availability and usability of IT assets and the efficiency of IT staff.

Legacy IT Management Products Fall Short

Organizations have invested heavily in legacy software products to manage the inventory, cost and performance of IT resources. These traditional software products were originally architected in the 1980s and 1990s before the introduction of many of today's modern computing technologies. Shortcomings of these legacy products include:

- ***Disparate and redundant solutions***. Many legacy IT management products were developed and widely deployed decades ago. Vendors of these products have in many cases relied upon acquisitions and partnerships to extend their offerings and have not re-architected their solutions to provide the seamless, integrated platform that customers desire. In addition, enterprises may have overlapping solutions in various business units, especially those that have grown by acquisition or that operate globally. As a result, many enterprises operate multiple systems and infrastructures.
- ***Inflexible integration, customization and maintenance***. Enterprises face numerous challenges when trying to customize legacy IT management products to meet their specific needs, as well as integrate them with third-party solutions. Due to their architectures and proprietary languages, these inflexible products often cannot be easily customized to meet customers' business requirements and are difficult to integrate and maintain. As a result, enterprises may be required to adapt their business processes to the capabilities of the software.
- ***Highly manual***. Many legacy IT management products installed today are time-consuming, prone to error and prevent IT from rapidly responding to business needs.
- ***Upgrade challenges and disruption of service***. Once legacy IT management products have been installed, integrated and customized, upgrades can be challenging. As new versions of the software are released on a periodic basis, customers are often required to re-implement the updated software with limited ability to carry forward customizations.

- ***Difficult to use and access***. Many legacy IT management products lack a modern, easy to navigate user interface and were not originally designed to be accessed over the Internet or on mobile devices.
- ***High total cost of ownership***. Because legacy IT management products are often disparate, inflexible, highly manual, challenging to upgrade and difficult to use and access, we believe these products have a high total cost of ownership.

Our Solution

Our cloud-based service includes the following key elements:

- ***Broad set of integrated functionality and modular deployments***. Our suite of applications was developed to address core ITIL processes as well as additional business processes, and runs on a single extensible platform. Our platform includes workflow automation, notification, assignment and escalation, third-party integration capabilities, reporting and administration capabilities. Our cloud-based service is designed to be deployed in a modular fashion, allowing customers to solve immediate business needs and access new application functionality as needs evolve.
- ***Automation of IT operations***. Our service automates the documentation, categorization, prioritization, assignment, notification and escalation of IT and other business processes. Additionally, our service automates routine and repeatable data center operations such as rebooting a server, cloning a database or deploying a virtualized environment.
- ***Highly configurable and extensible to meet business needs***. Our configuration features are designed to give customers the ability to easily alter the appearance and operation of the user interface, change and develop business rules to meet specific requirements, and extend the database schema to support the tracking and capturing of necessary data. As a result, our service enables management of IT operations without requiring changes to existing business processes. In addition, our customers and partners can use our platform to build applications to automate processes that are unique to their businesses.
- ***Efficient implementations and integration***. Our cloud-based model allows customers to quickly access and deploy our service without the need to install and maintain costly infrastructure hardware and software necessary for on-premises deployments. Our service is developed on an architecture that enables efficient integration with third-party architectures and other data sources.
- ***Efficient upgrades***. We design our upgrades to be compatible with customer configuration changes and applied rapidly with minimal disruption to ongoing operations, enabling customers to be on the most up-to-date version.
- ***Scalable, secure and reliable multi-instance architecture***. Our multi-instance architecture is designed to provide scalability, security and reliability for customers' large, global businesses. By providing customers with dedicated applications and databases we ensure that customer data is not comingled. In addition, this architecture reduces risk associated with infrastructure outages, improves system scalability and security, and allows for flexibility in deployment location.

Our cloud-based service provides the following business benefits:

- ***Single system of record for IT***. We provide a single system of record for IT executives to track assets, activities and resources across the multiple systems and infrastructures currently in use in large enterprises. This provides executives with the ability to execute their IT strategy by quickly assessing how well their IT infrastructure is supporting business processes, analyzing business needs real-time and developing business solutions as needs evolve.

- ***Lower total cost of ownership***. We assume complete responsibility for our service, including application set, hosting infrastructure, maintenance, monitoring, storage, security, customer support and upgrades, all of which free customer resources. Additionally, we manage, monitor and handle upgrades and patch deployments remotely, which can result in lower total cost of ownership to our customers compared to legacy IT management products.
- ***Easy to use and widely accessible***. Our suite of intuitive and easy-to-use applications provides users with a familiar experience based on business-to-consumer concepts. Users can access our service through a web-based interface anywhere an Internet connection is available, including through mobile devices. We believe this ease of use and accessibility result in increased user adoption of specified processes, enhancing efficiency.

Our Growth Strategy

Our goal is to be the industry-recognized leading provider of cloud-based services to automate enterprise IT operations. Key elements of our growth strategy include:

- ***Expand our customer base***. We believe the global market for next-generation enterprise IT operations management is large and underserved, and we intend to continue to make investments in our business to capture increasingly larger market share. To expand our customer base we intend to invest in our direct sales force and strategic resellers as well as our data center footprint. In particular, we grew our sales and marketing team from 140 as of June 30, 2011 to 270 as of March 31, 2012.
- ***Further penetrate our existing customer base***. We intend to increase the number of subscriptions purchased by our current customers as they deploy additional core ITIL and extended IT applications, and use our platform to develop custom applications to meet business needs outside of IT. Additionally, we believe there are significant cross-sell opportunities for our separately licensed Discovery and Runbook Automation technologies.
- ***Expand internationally***. We have a large and growing international presence, and intend to grow our customer base in various regions. We are investing in new geographies, including investment in direct and indirect sales channels, data centers, professional services, customer support and implementation partners.
- ***Continue to innovate and enhance our service offerings.*** We have made, and will continue to make, significant investments in research and development to strengthen our existing applications, expand the number of applications on our platform and develop additional automation technologies. We typically offer multiple upgrades each year that allow our customers to benefit from ongoing innovation.
- ***Strengthen our customer community***. We have an enthusiastic and engaged customer community that contributes to our success through their willingness to share their ServiceNow experiences with other potential customers. Customer needs drive our development efforts. We will continue to leverage our large and growing customer community to expose our existing customers to new use cases and increase awareness of our service.
- ***Develop our partner ecosystem***. We intend to further develop our existing partner ecosystem by establishing agreements with strategic resellers and system integrators to provide broader customer coverage, access to senior executives and solution delivery capabilities. As we expand our base of partners, we intend to grow our indirect sales team and marketing efforts to support our distribution network.
- ***Further promote our extensible platform***. We plan to grow investments in our platform to better enable the creation of custom applications to address specific business issues. We believe our platform provides substantial application development capabilities and we intend to further realize the potential of our platform as a strategy to penetrate large and growing markets.

Selected Risks Associated with Our Business

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these risks are:

- We have a limited history of operating profits and, as our growth rates decline and our costs increase, may not achieve or maintain profitability in the future;
- We have experienced rapid growth in recent periods and may not be able to manage this growth and expansion, or our business may not grow as we expect;
- The market for enterprise IT operations management solutions is rapidly evolving and highly competitive;
- Declines in customer renewal rates would harm our future operating results;
- Defects or disruptions in our service or security breaches could diminish demand for our service and subject us to substantial liability;
- Interruptions or delays in service from our third-party data center facilities could impair the delivery of our service and harm our business;
- Our transition from third-party hosted data centers to our own managed co-location facilities is expensive and complex, and could result in inefficiencies or operational failure and increased risk;
- Our quarterly results may fluctuate and, if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially; and
- Our directors, officers and principal stockholders beneficially owned approximately 90% of our outstanding stock prior to this offering, will beneficially own approximately 82% after this offering and therefore will continue to have the ability to determine all matters requiring stockholder approval.

Corporate Information

We were incorporated as Glidesoft, Inc. in California in June 2004 and changed our name to Service-now.com in February 2006. In May 2012, we reincorporated into Delaware as ServiceNow, Inc. Our principal executive offices are located at 12225 El Camino Real, Suite 100, San Diego, California 92130, and our telephone number is (858) 720-0477. Our website address is www.service-now.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock. We have included our website address in this prospectus solely as an inactive textual reference.

Unless the context indicates otherwise, as used in this prospectus, the terms "ServiceNow," "we," "us" and "our" refer to ServiceNow, Inc., a Delaware corporation, and its subsidiaries taken as a whole, unless otherwise noted.

In February 2012, we changed our fiscal year-end from June 30 to December 31. Throughout this prospectus, references to "fiscal 2009," "fiscal 2010" and "fiscal 2011" are to the fiscal years ended June 30, 2009, 2010 and 2011, respectively.

We have registered the trademark "SERVICENOW" with the United States Patent and Trademark Office. Our ServiceNow logo, "Discovery" and "Runbook Automation" are unregistered trademarks or service marks of ServiceNow and are the property of ServiceNow. This prospectus also includes references to trademarks and service marks of other entities, and those trademarks and service marks are the property of their respective owners.

THE OFFERING

Common stock offered	
By us	9,000,000 shares
By the selling stockholders	2,650,000 shares
Total	11,650,000 shares
Common stock to be outstanding after this offering	120,289,770 shares (121,639,770 shares if the over-allotment option is exercised in full)
Over-allotment option	1,747,500 shares (with 1,350,000 shares being offered by us and 397,500 shares being offered by the selling stockholders)
Use of proceeds	We plan to use the net proceeds from this offering for general corporate purposes, including working capital. We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders. See “Use of Proceeds.”
New York Stock Exchange symbol	“NOW”

The number of shares of our common stock to be outstanding after this offering is based on 111,289,770 shares of common stock outstanding as of March 31, 2012, and excludes:

- 36,958,079 shares of common stock issuable upon the exercise of outstanding options with a weighted-average exercise price of $2.91 per share and 1,000,000 shares of common stock issuable pursuant to outstanding restricted stock units, or RSUs, under our 2005 Stock Plan;
- 4,300,809 shares of common stock reserved for future issuance under our 2005 Stock Plan; provided, however, that immediately prior to the closing of this offering, any remaining shares available for issuance under our 2005 Stock Plan will be added to the shares reserved under our 2012 Equity Incentive Plan and we will cease granting awards under the 2005 Stock Plan;
- 9,600,000 additional shares of common stock reserved for future issuance under our 2012 Equity Incentive Plan, which will become effective on the date immediately prior to the date on which the registration statement is declared effective; and
- 5,000,000 shares of common stock reserved for future issuance under our 2012 Employee Stock Purchase Plan, which will become effective upon the closing of this offering.

Unless otherwise indicated, all information in this prospectus assumes:

- the filing of our restated certificate of incorporation and the adoption of our restated bylaws as of the closing of this offering;
- no exercise by the underwriters of their option to purchase 1,747,500 shares of common stock to cover over-allotments; and
- the conversion of all of our outstanding shares of convertible preferred stock into an aggregate of 83,703,016 shares of common stock immediately upon the closing of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following consolidated financial data should be read together with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus. We have derived the following consolidated statements of operations data for fiscal 2009, 2010 and 2011 and for the six months ended December 31, 2011 and the selected consolidated balance sheet data as of June 30, 2010 and 2011 and December 31, 2011 from our audited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated statement of operations data for the six months ended December 31, 2010 and the three months ended March 31, 2011 and 2012, and the unaudited selected consolidated balance sheet data as of March 31, 2012 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited financial information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, we consider necessary for a fair statement of the financial information set forth in those statements. Our historical results are not necessarily indicative of our results to be expected for any future period.

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands, except share and per share data)						
Consolidated Statements of Operations Data:							
Revenues[1]:							
Subscription	$17,841	$ 40,078	$79,191	$33,191	$64,886	$21,224	$39,541
Professional services and other	1,474	3,251	13,450	4,753	8,489	3,988	7,890
Total revenues	19,315	43,329	92,641	37,944	73,375	25,212	47,431
Cost of revenues[2][3]:							
Subscription	3,140	6,378	15,311	6,096	15,073	4,451	11,012
Professional services and other	4,711	9,812	16,264	6,778	12,850	4,763	10,224
Total cost of revenues	7,851	16,190	31,575	12,874	27,923	9,214	21,236
Gross profit	11,464	27,139	61,066	25,070	45,452	15,998	26,195
Operating expenses[2][3]:							
Sales and marketing	8,499	19,334	34,123	13,728	32,501	8,309	19,307
Research and development	2,433	7,194	7,004	2,758	7,030	1,885	6,043
General and administrative	6,363	28,810	9,379	3,417	10,084	2,680	6,427
Total operating expenses	17,295	55,338	50,506	19,903	49,615	12,874	31,777
Income (loss) from operations	(5,831)	(28,199)	10,560	5,167	(4,163)	3,124	(5,582)
Interest and other income (expense), net	(27)	(1,226)	606	289	(1,446)	252	492
Income (loss) before provision for income taxes	(5,858)	(29,425)	11,166	5,456	(5,609)	3,376	(5,090)
Provision for income taxes	48	280	1,336	653	1,075	385	550
Net income (loss)	(5,906)	(29,705)	9,830	4,803	(6,684)	2,991	(5,640)
Net income (loss) per share attributable to common stockholders[4]:							
Basic	$ (0.17)	$ (1.31)	$ 0.09	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Diluted	$ (0.17)	$ (1.31)	$ 0.08	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands, except share and per share data)						
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders(4):							
Basic	39,039,066	23,157,576	18,163,977	17,156,445	21,104,219	18,702,229	25,123,582
Diluted	39,039,066	23,157,576	28,095,486	27,622,357	21,104,219	28,368,105	25,123,582
Pro forma net income (loss) per share attributable to common stockholders(4):							
Basic			$ 0.09		$ (0.06)		$ (0.05)
Diluted			$ 0.09		$ (0.06)		$ (0.05)
Pro forma weighted-average shares used to compute pro forma net income (loss) per share attributable to common stockholders(4):							
Basic			103,617,973		106,558,215		108,826,598
Diluted			113,633,033		106,558,215		108,826,598

(1) Revenues for fiscal 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012 reflect the prospective adoption of new revenue accounting guidance commencing on July 1, 2010. As a result of this guidance, we separately allocate value for multiple element contracts between our subscription revenues and professional services revenues based on the best estimate of selling price. Additionally, we recognize professional services revenues as the services are delivered. Please refer to Note 2 to our consolidated financial statements for further discussion of our revenue recognition policies.

(2) Stock-based compensation included in the statements of operations above was as follows:

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands)						
Cost of revenues:							
Subscription	$ 6	$ 48	$ 548	$ 225	$ 674	$ 156	$ 532
Professional services and other	11	28	117	37	193	38	192
Sales and marketing	45	277	1,004	431	2,010	288	1,471
Research and development	50	90	468	207	704	143	661
General and administrative	15	102	817	221	2,056	130	1,062

(3) Operating expenses for fiscal 2009 reflect compensation expense of $3.8 million related to the stock settlement of an outstanding promissory note in connection with our sale and issuance of Series C preferred stock. Cost of revenues and operating expenses for fiscal 2010 reflect compensation expense of $0.7 million and $30.1 million, respectively, related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock.

(4) Please refer to Note 13 to our consolidated financial statements for an explanation of the method used to calculate the historical and pro forma net income (loss) per share attributable to common stockholders and the number of shares used in the computation of the per share amounts.

	As of June 30,		As of December 31,	As of March 31, 2012		
	2010	2011	2011	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)(3)
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 29,402	$ 59,853	$ 68,088	$ 80,140	$ 80,140	$ 211,160
Working capital, excluding deferred revenue	33,080	75,801	95,033	117,695	117,695	249,715
Total assets	51,369	108,746	156,323	184,998	184,998	315,018
Deferred revenue, current and non-current portion	40,731	74,646	104,636	115,757	115,757	115,757
Convertible preferred stock	67,227	67,860	68,172	68,327	—	—
Total stockholders' equity (deficit)	(71,262)	(58,381)	(57,426)	(40,198)	28,129	159,149

(1) The pro forma column reflects the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 83,703,016 shares of common stock immediately upon the closing of this offering and the filing of our restated certificate of incorporation upon the closing of this offering.

(2) The pro forma as adjusted column reflects the pro forma adjustments described above and the sale and issuance of 9,000,000 shares of common stock in this offering by us, and the receipt of the net proceeds from our sale of these shares at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us (of which $1.0 million was recorded as an accrued current liability with a corresponding amount recorded as a non-current asset as of March 31, 2012).

(3) A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) each of cash, working capital, total assets and total stockholders' equity by approximately $8.4 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions. Similarly, each increase (decrease) of one million shares in the number of shares offered by us would increase (decrease), cash, working capital, total assets and total stockholders' equity by approximately $14.9 million, assuming the assumed initial public offering price remains the same and after deducting the underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in shares of our common stock. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects could be harmed. In that event, the market price of our common stock could decline and you could lose part or even all of your investment.

Risks Related to Our Business and Industry

We have a limited history of operating profits, did not generate a profit in the six months ended December 31, 2011 or the three months ended March 31, 2012, and may not achieve or maintain profitability in the future.

We have not been consistently profitable on a quarterly or annual basis. Although we had net income for fiscal 2011, we experienced net losses of $5.9 million, $29.7 million, $6.7 million and $5.6 million for fiscal 2009, fiscal 2010, the six months ended December 31, 2011 and the three months ended March 31, 2012, respectively. As of March 31, 2012, our accumulated deficit was $73.8 million. While we have experienced significant revenue growth over recent periods, we may not be able to sustain or increase our growth or return to profitability in the future. Over the past year, we have significantly increased our expenditures to support the development and expansion of our business, which has resulted in increased losses. We plan to continue to invest for future growth, and as a result, we do not expect to be profitable for the remainder of 2012. In addition, as a public company, we will incur significant accounting, legal and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenues to achieve future profitability. We may incur significant losses in the future for a number of reasons, including without limitation the other risks and uncertainties described in this prospectus. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If these losses exceed our expectations or our revenue growth expectations are not met in future periods, our financial performance will be harmed.

We have experienced rapid growth in recent periods. If we are not able to manage this growth and expansion, or if our business does not grow as we expect, our operating results may suffer.

We continue to experience rapid growth in our customer base and have significantly expanded our operations during the last several years. In particular, we are aggressively investing in: significant expansion of our cloud infrastructure and associated service capacity; our global sales, marketing and operations activities and personnel; and additional office facility lease commitments and administrative employees. Our employee headcount has increased from 375 as of June 30, 2011 to 729 as of March 31, 2012, and we plan on adding over 400 employees during the remainder of 2012. We signed new leases for a larger corporate headquarters in San Diego in February 2012 and additional office space in San Jose in April 2012 and are currently seeking to further expand our San Jose, London and Amsterdam offices. In addition, we hired new senior management in 2011 and 2012. Our rapid growth has placed, and will continue to place, a significant strain on our administrative and operational infrastructure. Our ability to manage our operations and growth will require us to continue to refine our operational, financial and management controls, human resource policies, and reporting systems and procedures. For instance, in 2012 we plan to implement a new financial enterprise resource planning system to help manage our future growth. If we fail to efficiently expand our sales force, operations or IT and financial systems, or if we fail to implement or maintain effective internal controls and procedures, our costs and expenses may increase more than we plan and we may lose the ability to close customer opportunities, enhance our existing service, develop new applications, satisfy customer requirements, respond to competitive pressures or otherwise execute our business plan. Additionally, as our operating expenses increase in anticipation of the growth of our business, if such growth does not meet our expectations, our financial results likely would be harmed.

Defects or disruptions in our service could diminish demand for our service and subject us to substantial liability.

Like many Internet-based SaaS companies, we provide frequent incremental releases of product updates and functional enhancements. Such new versions frequently contain undetected errors when first introduced or released. We have from time to time found defects in our service, and new errors in our existing service may be detected in the future. In addition, our customers may use our service in unanticipated ways that may cause a disruption in service for other customers. Since our customers use our service for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our service could hurt our reputation and may damage our customers' businesses. If that occurs, our customers may delay or withhold payment to us, elect not to renew, make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in an increase in our bad debt expense, an increase in collection cycles for accounts receivable, require us to increase our warranty provisions, or incur the expense or risk of litigation. Further, if we are unable to meet the stated service level commitments we have guaranteed to our customers or suffer extended periods of unavailability for our service, we may be contractually obligated to provide these customers with credits for future service. We do not carry insurance sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions in our service.

Interruptions or delays in service from our third-party data center facilities could impair the delivery of our service and harm our business.

We currently serve our customers from third-party data center facilities, operated by several different providers, located around the world, with the largest located in Boston, San Jose, Washington, D.C., London and Amsterdam. Any damage to, or failure of, our systems generally could result in interruptions in our service. As we continue to add data centers and capacity in our existing data centers, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Any damage to, or failure of, our systems, or those of our third-party data centers, could result in interruptions in our service. Impairment of or interruptions in our service may reduce our revenues, cause us to issue credits or pay penalties, subject us to claims and litigation, cause our customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable.

We do not control, or in some cases have limited control over, the operation of the data center facilities we use, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, and to adverse events caused by operator error. For example, our third-party data center facility in London was subjected to a distributed denial of service attack in January 2012 that prevented some of our customers hosted in that data center from using our service intermittently for a period of about three hours. We cannot rapidly switch to new data centers or move customers from one data center to another in the event of any adverse event. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service and the loss of customer data.

Our transition from third-party hosted data centers to our own managed co-location facilities is expensive and complex, will result in a negative impact on our near-term cash flows and may negatively impact our financial results.

We have made and will continue to make substantial investments in new equipment to support growth at our data centers and provide enhanced levels of service to our customers. First, we are transitioning from a managed service hosting model, where a third party manages most aspects of the operations, to a co-location model, where we will have more direct control over the hosting infrastructure and its operation. Second, we are investing in enhancements to our cloud architecture, which are designed to provide our customers with enhanced data reliability and reduce potential service disruptions. We anticipate a negative impact on our margins in the near term as we accelerate depreciation on certain assets from our managed service hosting data centers and incur additional rent expenses as we complete this transition. However, as our data centers scale with our anticipated customer growth, we expect this transition will improve our margins in the long-term. We expect to complete these two transitions in the second half of 2012. For purchases of equipment for use in our data centers, we made capital expenditures of $3.1 million in the three months ended March 31, 2012 and anticipate making capital expenditures of approximately $22 million during the remainder of fiscal 2012. If it takes longer than we expect to complete this transition, the negative impact on our operating results would likely exceed our initial expectations, particularly if the scope of the project grows and we deploy additional resources and hire additional personnel to complete the project. Additionally, to the extent that we are required to add data center capacity to accommodate customer demands, we may need to significantly increase the bandwidth, storage, power or other elements of our hosting operations, and the costs associated with adjustments to our data center architecture could also harm our margins and operating results.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our service may be perceived as not being secure, customers may curtail or stop using our service, and we may incur significant liabilities.

Our operations involve the storage and transmission of our customers' confidential information, and security breaches, computer malware and computer hacking attacks could expose us to a risk of loss of this information, litigation, indemnity obligations and other liability. While we have administrative, technical, and physical security measures in place, and try to contractually require third parties to whom we transfer data to implement and maintain appropriate security measures, if our security measures are breached as a result of third-party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to our customers' data, including personally identifiable information regarding users, our reputation will be damaged, our business may suffer and we could incur significant liability. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our customers' data or our data, including our intellectual property and other confidential business information, or our information technology systems. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose potential sales and existing customers.

If the market for our technology delivery model and SaaS develops more slowly than we expect, our growth may slow or stall, and our operating results would be harmed.

Use of SaaS applications to manage and automate enterprise IT is at an early stage. We do not know whether the trend of adoption of enterprise SaaS solutions we have experienced in the past will continue in the future. In particular, many organizations have invested substantial personnel and financial resources to integrate legacy software into their businesses over time, and some have been reluctant or unwilling to migrate to SaaS. Furthermore, some organizations, particularly large enterprises upon which we are dependent, have been reluctant or unwilling to use SaaS because they have concerns regarding the risks associated with the security of their data and the reliability of the technology delivery model associated with these solutions. In addition, if other SaaS providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for SaaS solutions as a whole, including our service, will be negatively impacted. If the adoption of SaaS solutions does not continue, the market for these solutions may stop developing or may develop more slowly than we expect, either of which would harm our operating results.

The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The market for enterprise IT operations management solutions is fragmented, rapidly evolving and highly competitive, with relatively low barriers to entry in some segments. Many of our competitors and potential competitors are larger and have greater name recognition, much longer operating histories, more established customer relationships, larger marketing budgets and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. With the introduction of new technologies, the evolution of our service and new market entrants, we expect competition to intensify in the future. If we fail to compete effectively, our business will be harmed. Some of our principal competitors offer their products or services at a lower price, which has resulted in pricing pressures. If we are unable to achieve our target pricing levels, our operating results would be negatively impacted. In addition, pricing pressures and increased competition generally could result in reduced sales, reduced margins, losses or the failure of our service to achieve or maintain more widespread market acceptance, any of which could harm our business.

We face competition from in-house solutions, large integrated systems vendors and smaller companies with point solutions including SaaS offerings. Our competitors vary in size and in the breadth and scope of the products and services offered. Our primary competitors include BMC Software, Inc., CA, Inc., Hewlett-Packard Company and International Business Machines Corporation, all of which can bundle competing products and services with other software offerings, or offer them at a low price as part of a larger sale. In addition, many of our competitors offer SaaS solutions and may make acquisitions of businesses or assets that improve their service offerings. Further, other established SaaS providers not currently operating in enterprise IT operations management may expand their services to compete with our service. Many of our current and potential competitors have established marketing relationships, access to larger customer bases, pre-existing customer relationships and major distribution agreements with consultants, system integrators and resellers. In addition, some competitors may offer software that addresses one or a limited number of enterprise IT operation functions at lower prices or with greater depth than our service. Moreover, as we expand the scope of our service, we may face additional competition from platform and application development vendors. Additionally, some potential customers, particularly large enterprises, may elect to develop their own internal solutions. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

Because our sales efforts are targeted at large enterprise customers, we face longer sales cycles, substantial upfront sales costs and less predictability in completing some of our sales. If our sales cycle lengthens, or if our substantial upfront sales investments do not result in sufficient sales, our operating results could be harmed.

We target our sales efforts at large enterprises, which we define as companies with over $750 million in revenues and a minimum of 200 IT employees. For instance, we derived approximately 10%, 12% and 12% of our revenues from large enterprise customers in the financial services industry for fiscal 2011, the six months ended December 31, 2011 and the three months ended March 31, 2012, respectively. Because our large enterprise customers are often making an enterprise-wide decision to deploy our service, sometimes on a global basis, we face long sales cycles, complex customer requirements, substantial upfront sales costs and less predictability in completing some of our sales. Our sales cycle is generally six to nine months, but is variable and difficult to predict and can be much longer. Large enterprises often undertake a prolonged evaluation of our service, including whether the customer needs professional services performed by us or a third party for its unique IT and business process needs, and a comparison of our service to products offered by our competitors. Moreover, our large enterprise customers often begin to deploy our service on a limited basis, but nevertheless demand extensive configuration, integration services and pricing concessions, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our service widely enough across their organization to justify our substantial upfront investment. We anticipate that in the future we may experience even longer sales cycles, more complex customer needs, higher upfront sales costs and less predictability in completing some of our sales as we continue to expand our direct sales force and thereby increase the percentage of our sales personnel with less experience in selling our service, expand into new territories and expand into functional areas outside of the traditional ITIL processes. If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, our operating results may be harmed.

Our business depends substantially on our customers renewing their subscriptions and purchasing additional subscriptions from us. Any decline in our customer renewals would harm our future operating results.

In order for us to maintain or improve our operating results, it is important that our customers renew their subscriptions when the initial contract term expires and add additional authorized users to their subscriptions. Our customers have no obligation to renew their subscriptions, and we cannot assure you that our customers will renew subscriptions with a similar contract period or with the same or a greater number of authorized users. Although our renewal rates have been historically high, some of our customers have elected not to renew their agreements with us and we cannot accurately predict renewal rates. Moreover, in some cases, some of our customers have the right to cancel their agreements prior to the expiration of the term.

Our renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction with our subscription service, our professional services, our customer support, our prices, the prices of competing solutions, mergers and acquisitions affecting our customer base, the effects of global economic conditions, or reductions in our customers’ spending levels. Our future success also depends in part on our ability to sell more subscriptions and additional professional services to our current customers. If our customers do not renew their subscriptions, renew on less favorable terms or fail to add more authorized users or fail to purchase additional professional services, our revenues may decline, and we may not realize improved operating results from our customer base.

If we are not able to develop enhancements and new applications that achieve market acceptance or that keep pace with technological developments, our business could be harmed.

Our ability to attract new customers and increase revenues from existing customers depends in large part on our ability to enhance and improve our existing service and to introduce new services. In order to grow our business, we must develop a service that reflects future updates to the ITIL framework and extends beyond the ITIL framework into other areas of enterprise IT operations management. The success of any enhancement or new service depends on several factors, including timely completion, adequate quality testing, introduction and market acceptance. Any new service that we develop may not be introduced in a timely or cost-effective manner, contain defects or may not achieve the broad market acceptance necessary to generate significant revenues. If we are unable to successfully develop new applications or enhance our existing service to meet customer requirements, our business and operating results will be harmed.

Because we designed our service to be provided over the Internet, we need to continuously modify and enhance our service to keep pace with changes in Internet-related hardware, software, communication and database technologies and standards. If we are unable to respond in a timely manner to these rapid technological developments and standards changes in a cost-effective manner, our service may become less marketable and less competitive or obsolete and our operating results may be harmed.

We may not timely and effectively scale and adapt our existing technology to meet the performance and other requirements of our large global enterprise customers.

Our future growth is dependent upon our ability to continue to meet the expanding needs of our large enterprise customers as their use of our service grows. As these customers gain more experience with our service, the number of users and transactions managed by our service, the amount of data transferred, processed and stored by us, the number of locations where our service is being accessed, and the number of processes and systems managed by our service on behalf of these customers have in some cases, and may in the future, expand rapidly. In order to ensure that we meet the performance and other requirements of these large enterprise customers, we intend to continue to make significant investments to develop and implement new technologies in our service and cloud infrastructure operations. These technologies, which include databases, applications and server optimizations, network and hosting strategies, and automation, are often advanced, complex, new and untested. We may not be successful in developing or implementing these technologies. To the extent that we do not effectively scale our service and operations to maintain performance as our customers expand their use of our service, our business and operating results may be harmed.

If we fail to integrate our service with a variety of operating systems, software applications and hardware that are developed by others, our service may become less marketable and less competitive or obsolete, and our operating results would be harmed.

Our service must integrate with a variety of network, hardware and software platforms, and we need to continuously modify and enhance our platform to adapt to changes in cloud-enabled hardware, software, networking, browser and database technologies. Any failure of our service to operate effectively with future infrastructure platforms and technologies could reduce the demand for our service, resulting in customer dissatisfaction and harm to our business. If we are unable to respond to these changes in a cost-effective manner, our service may become less marketable and less competitive or obsolete and our operating results may be negatively impacted. In addition, an increasing number of individuals within the enterprise are utilizing mobile devices to access the Internet and corporate resources and to conduct business. If we cannot effectively make our service available on these mobile devices and offer the information services and functionality required by enterprises that widely use mobile devices, we may experience difficulty attracting and retaining customers.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our service.

Increasing our customer base and achieving broader market acceptance of our service will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities. We are substantially dependent on our direct sales force to obtain new customers. From June 30, 2011 to March 31, 2012, our sales and marketing organization increased from 140 to 270 employees. We plan to continue to expand our direct sales force both domestically and internationally. We believe that there is significant competition for direct sales personnel with the sales skills and technical knowledge that we require. Our ability to achieve significant revenue growth in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. New hires require significant training and time before they achieve full productivity, particularly in new sales territories. Our recent hires and planned hires may not become as productive as quickly as we would like, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Because we do not have a long history of expansion in our sales force, we cannot predict whether or to what extent our sales will increase as we expand our sales force or how long it will take for sales personnel to become productive. Moreover, we do not have significant experience as an organization developing and implementing overseas marketing campaigns, and such campaigns may be expensive and difficult to implement. Our business will be harmed if our expansion efforts do not generate a significant increase in revenues.

Our current management team is new and if we lose key members of our management team or are unable to attract and retain executives and employees we need to support our operations and growth, our business may be harmed.

Each of our executive officers either joined us recently or has taken on a new role in the organization. These changes in our executive management team may be disruptive to our business. Our success depends substantially upon the continued services of this new group of executive officers, particularly Frank Slootman, our Chief Executive Officer, who joined us in May 2011, and Frederic B. Luddy, our founder and Chief Product Officer, who are critical to our vision, strategic direction, culture, services and technology. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives. Our executive officers are generally employed on an at-will basis, which means that our executive officers could terminate their employment with us at any time. The loss of one or more of our executive officers or the failure by our executive team to effectively work with our employees and lead our company could harm our business.

In the technology industry, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software and Internet-related solutions, as well as competition for sales executives and operations personnel. We may not be successful in attracting and retaining qualified personnel. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. In particular, competition for experienced software and cloud infrastructure engineers in San Diego, San Jose, Seattle, London and Amsterdam, our primary operating locations, is intense. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be harmed.

Our quarterly results may fluctuate, and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.

Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly financial results fall below the expectations of investors or any securities analysts who follow our stock, the price of our common stock could decline substantially. Some of the important factors that may cause our revenues, operating results and cash flows to fluctuate from quarter to quarter include:

- our ability to retain and increase sales to existing customers, attract new customers and satisfy our customers' requirements;
- the number of new employees added;
- the rate of expansion and productivity of our sales force;
- changes in the relative and absolute levels of professional services we provide;
- the cost, timing and management effort for the development of new services;
- the length of the sales cycle for our service;
- changes in our pricing policies whether initiated by us or as a result of competition;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- significant security breaches, technical difficulties or interruptions with our service;
- new solutions, products or changes in pricing policies introduced by our competitors;
- changes in foreign currency exchange rates;
- changes in effective tax rates;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional subscriptions, delay a prospective customers' purchasing decision, or reduce the value of new subscription contracts, or affect renewal rates;
- changes in deferred revenue balances due to the seasonal nature of our customer invoicing, changes in the average duration of our customer agreements, the rate of renewals and the rate of new business growth;
- the timing of customer payments and payment defaults by customers;
- extraordinary expenses such as litigation or other dispute-related settlement payments;
- the impact of new accounting pronouncements; and
- the timing of stock awards to employees and the related adverse financial statement impact of having to expense those stock awards ratably over their vesting schedules.

Many of these factors are outside of our control, and the occurrence of one or more of them might cause our operating results to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenues, operating results and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

We expect our revenue growth rate to decline, and as our costs increase, we may not be able to generate sufficient revenue to sustain our profitability over the long term.

From fiscal 2009 to fiscal 2011, our revenues grew from $19.3 million to $92.6 million, which represents a compounded annual growth rate of 119%. We expect that, in the future, as our revenues increase to higher levels our revenue growth rate will decline. However, we may not be able to generate sufficient revenues to achieve and sustain profitability as we also expect our costs to increase in future periods. We expect to continue to expend substantial financial and other resources on:

- our technology infrastructure, including migrating from a managed hosting model to co-location facilities, enhancements to our cloud architecture and hiring of additional employees for our research and development team;
- software development, including investments in our software development team, the development of new features and the improvement of the scalability, availability and security of our service;
- sales and marketing, including a significant expansion of our direct sales organization;
- international expansion in an effort to increase our customer base and sales; and
- general administration, including legal and accounting expenses related to being a public company.

These investments may not result in increased revenues or growth in our business. If we fail to continue to grow our revenues and overall business, our operating results and business would be harmed.

Because we recognize revenues from our subscription service over the subscription term, downturns or upturns in new sales will not be immediately reflected in our operating results.

We generally recognize revenues from customers ratably over the terms of their subscriptions, which on average are approximately 30 months in duration for initial contract terms, although terms can range from 12 to 120 months. As a result, most of the revenues we report in each quarter are derived from the recognition of deferred revenues relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter will likely have only a small impact on our revenue results for that quarter. Such a decline, however, will negatively affect our revenues in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our service, and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenues.

If we are unable to successfully manage the growth of our professional services business and improve our profit margin from these services, our operating results will be harmed.

Our professional services business, which performs implementation and configuration of our subscription service for our customers, has grown as our revenues from subscriptions have grown. We believe our investment in professional services facilitates the adoption of our subscription service. As a result, our sales efforts have been focused primarily on our subscription service, rather than the profitability of our professional services business. Historically, our pricing for professional services was predominantly on a fixed-fee basis and the cost of the time and materials incurred to complete these services were greater than the amount charged to the customer. These factors contributed to our negative gross profit percentages from professional services and other of (220)%, (202)% and (21)% for fiscal 2009, 2010 and 2011, respectively, (43)% and (51)% for the six months ended December 31, 2010 and 2011, respectively, and (19)% and (30)% for the three months ended March 31, 2011 and 2012, respectively. The improvement in gross profit percentages was due in part to the adoption of new revenue recognition accounting guidance commencing on July 1, 2010. In addition, in December 2011, we began shifting our pricing model to a time-and-materials basis. In the future, we intend to price our professional services based on the anticipated cost of those services and, as a result, expect to improve the gross profit percentage of our professional services business. If we are unable to successfully transition to a time-and-materials based pricing model and manage the growth of our professional services business, our operating results, including our profit margins, will be harmed. In addition, the shift to this new pricing model may cause our sales cycle to lengthen.

We may be sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our industry. Our success depends in part on not infringing upon the intellectual property rights of others. From time to time, our competitors or other third parties may claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. In the future, we may receive claims that our applications and underlying technology infringe or violate the claimant’s intellectual property rights. However, we may be unaware of the intellectual property rights of others that may cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our service, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses, modify our service or refund fees, which could further exhaust our resources. In addition, we may pay substantial settlement costs to resolve claims or litigation, whether or not legitimately or successfully asserted against us, which could include royalty payments in connection with any such litigation and to obtain licenses, modify our service or refund fees, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. Such disputes could also disrupt our service, causing an adverse impact to our customer satisfaction and related renewal rates.

Our use of “open source” software could harm our ability to sell our service and subject us to possible litigation.

A significant portion of the technologies licensed or developed by us incorporate so-called “open source” software, and we may incorporate open source software into other services in the future. We attempt to monitor our use of open source software in an effort to avoid subjecting our service to conditions we do not intend; however, there can be no assurance that our efforts have been or will be successful. There is little or no legal precedent governing the interpretation of the terms of open source licenses, and therefore the potential impact of these terms on our business is uncertain and enforcement of these terms may result in unanticipated obligations regarding our service and technologies. For example, depending on which open source license governs open source software included within our service or technologies, we may be subjected to conditions requiring us to offer our service to users at no cost; make available the source code for modifications and derivative works based upon, incorporating or using the open source software; and license such modifications or derivative works under the terms of the particular open source license.

If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal costs defending ourselves against such allegations, we could be subject to significant damages or be enjoined from the distribution of our service. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses we could be required to release the source code of our proprietary software, which could substantially help our competitors develop solutions that are similar to or better than our service.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success depends to a significant degree on our ability to protect our proprietary technology and our brand. We rely on a combination of copyright, trade secret and other intellectual property laws and confidentiality procedures to protect our proprietary rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our technology and our business may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. We have only recently begun to develop a strategy to seek, and may be unable to obtain, patent protection for our technology. In addition, any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our service is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We may be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

Our growth depends in part on the success of our strategic relationships with third parties and their continued performance.

We anticipate that we will continue to depend on various third-party relationships in order to grow our business. In particular, we depend on a limited number of third parties to provide a majority of our implementation services. Our strategy is to work with third parties to increase the breadth of capability and the depth of capacity for delivery of these services to our customers.

We intend to expand our relationships with third parties, such as implementation partners, systems integrators and managed services providers. Identifying these and other partners, and negotiating and documenting relationships with them, require significant time and resources. Our agreements with partners are typically non-exclusive and do not prohibit them from working with our competitors or from offering competing solutions. Our competitors may be effective in providing incentives to third parties, including our partners, to favor their solutions or to prevent or reduce subscriptions to our service either by disrupting our relationship with existing customers or by limiting our ability to win new customers. In addition, global economic conditions could harm the businesses of our partners, and it is possible that they may not be able to devote the additional resources we expect to the relationship. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results would suffer. Even if we are successful, we cannot assure you that these relationships will result in greater customer usage of our service or increased revenues.

If a customer is not satisfied with the quality of work performed by us or a third party, we could incur additional costs to address the situation, the profitability of that work might be impaired, and the customer’s dissatisfaction with our professional services could damage our ability to obtain additional revenues from that customer.

Sales to customers outside North America expose us to risks inherent in international sales.

Because we sell our service throughout the world, we are subject to risks and challenges that we would otherwise not face if we conducted our business only in North America. Sales outside of North America represented 25%, 29% and 28% of our total revenues for fiscal 2011, the six months ended December 31, 2011 and the three months ended March 31, 2012, respectively, and we intend to continue to expand our international sales efforts. Our business and future prospects depend on increasing our international sales as a percentage of our total revenues, and the failure to grow internationally will harm our business. The risks and challenges associated with sales to customers outside North America are different in some ways from those associated with sales in North America and we have a limited history addressing those risks and meeting those challenges. The risks and challenges inherent with international sales include:

- localization of our service, including translation into foreign languages and associated expenses;
- differing laws and business practices, which may favor local competitors;
- longer sales cycles;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- treatment of revenues from international sources and changes to tax codes, including being subject to foreign tax laws and being liable for paying withholding income or other taxes in foreign jurisdictions;
- regional data privacy laws that apply to the transmission of our customers' data across international borders;
- foreign currency fluctuations and controls;
- different pricing environments;
- difficulties in staffing and managing foreign operations;
- different or lesser protection of our intellectual property;
- longer accounts receivable payment cycles and other collection difficulties;
- regional economic conditions; and
- regional political conditions.

Any of these factors could negatively impact our business and results of operations.

We face exposure to foreign currency exchange rate fluctuations.

We conduct significant transactions, including intercompany transactions, in currencies other than the United States dollar or the functional operating currency of the transactional entities. In addition, our international subsidiaries maintain significant net assets that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of foreign currencies relative to the United States dollar can affect our revenues and operating results due to transactional and translational remeasurement that is reflected in our earnings. We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

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

Our overall performance depends in part on worldwide economic conditions, which may remain challenging for the foreseeable future. Global financial developments seemingly unrelated to us or the IT industry may harm us. The United States and other key international economies have been impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty with respect to the economy. These conditions affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our service, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions, or affect renewal rates, all of which could harm our operating results.

Changes in laws, regulations and standards related to the Internet may cause our business to suffer.

Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting data privacy and the use of the Internet as a commercial medium. Industry organizations also regularly adopt and advocate for new standards in this area. For instance, we believe increased regulation is likely in the area of data privacy, and changing laws, regulations and standards applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially restricting our ability to store, process and share data with our customers. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the Internet, commerce conducted via the Internet or validation that particular processes follow the latest standards. These changes could limit the viability of Internet-based services such as ours. If we are not able to adjust to changing laws, regulations and standards related to the Internet, our business may be harmed.

Unanticipated changes in our effective tax rate could harm our future results.

We are subject to income taxes in the United States and various foreign jurisdictions, and our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses as a result of acquisitions, the valuation of deferred tax assets and liabilities and changes in federal, state or international tax laws and accounting principles. Increases in our effective tax rate would reduce our profitability or in some cases increase our losses.

In addition, we may be subject to income tax audits by many tax jurisdictions throughout the world, many of which have not established clear guidance on the tax treatment of SaaS-based companies. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

Natural disasters and other events beyond our control could harm our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our service to our customers, and could decrease demand for our service. The majority of our research and development activities, corporate headquarters, information technology systems, and other critical business operations are located near major seismic faults in California. Customer data could be lost, significant recovery time could be required to resume operations and our financial condition and operating results could be harmed in the event of a major earthquake or catastrophic event.

We are an "emerging growth company," and any decision on our part to comply with certain reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act enacted in April 2012, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although, if the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30 of any year before the end of that five-year period, we would cease to be an "emerging growth company" as of the following December 31. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under Section 107(b) of the Jumpstart Our Business Startups Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourself of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will incur increased costs as a result of operating as a public company and our management will have to devote substantial time to public company compliance obligations.

As a public company and particularly after we cease to be an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the Securities and Exchange Commission, or SEC, and our stock exchange, has imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance requirements and any new requirements that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 may impose on public companies. Moreover, these rules and regulations, along with compliance with accounting principles and regulatory interpretations of such principles, have increased and will continue to increase our legal, accounting and financial compliance costs and have made and will continue to make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees, or as executive officers.

If we do not remediate material weaknesses in our internal control over financial reporting or are unable to implement and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected.

Prior to completion of this offering, we have been a private company and historically had limited accounting personnel to adequately execute our accounting processes and other supervisory resources with which to address our internal control over financial reporting. This lack of adequate accounting resources contributed to audit adjustments to our financial statements in the past.

In connection with our preparation of the financial statements for the year ended June 30, 2011 and the six months ended December 31, 2011, our independent registered public accounting firm identified control deficiencies in our internal control that constituted material weaknesses. A material weakness is defined under the standards issued by the Public Company Accounting Oversight Board as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected and corrected on a timely basis. The material weaknesses our independent registered public accounting firm identified related to the design and operation of policies and procedures for accounting and reporting control processes, performance of account review and analysis, the development and review of complex judgments and estimates, the preparation of the provision for income taxes and the identification, communication and accounting of significant contracts and agreements. These material weaknesses, which contributed to multiple audit adjustments, primarily resulted from our failure to maintain a sufficient number of personnel with an appropriate level of knowledge, experience and training in the application of U.S. generally accepted accounting principles, or GAAP.

We are in the process of implementing measures designed to improve our internal control over financial reporting to remediate these material weaknesses. During the six months ended December 31, 2011, we hired a new Chief Financial Officer, a new Vice President of Finance and several new finance and accounting managers which significantly increases our finance and accounting team's experience in GAAP and financial reporting for publicly traded companies. In September 2011, we engaged a third-party tax firm and in February 2012, we hired a Senior Manager of Internal Audit. In March 2012, we hired a Vice President of Tax to assist with the accounting for income taxes and review of complex tax accounting matters. In addition, we expect to retain consultants to advise us on making further improvements to our internal controls related to these accounting areas. We believe that these additional resources enable us to broaden the scope and quality of our internal review of underlying information related to financial reporting and to further enhance our financial review procedures, including both the accounting processes for income taxes and significant contracts and agreements.

We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the material weaknesses in our internal control over financial reporting or to avoid potential future material weaknesses.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and disclosure controls and procedures quarterly. In particular, beginning with the year ending on December 31, 2013, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404(a) of the Sarbanes-Oxley Act. Our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Moreover, our testing, or the subsequent testing by our independent registered public accounting firm, that must be performed may reveal other material weaknesses or that the material weaknesses described above have not been fully remediated. If we do not remediate the material weaknesses described above, or if other material weaknesses are identified or we are not able to comply with the requirements of Section 404 in a timely manner, our reported financial results could be materially misstated or could subsequently require restatement, we could receive an adverse opinion regarding our internal controls over financial reporting from our independent registered public accounting firm and we could be subject to investigations or sanctions by regulatory authorities, which would require additional financial and management resources, and the market price of our stock could decline.

A portion of our revenues are generated by sales to government entities and heavily regulated organizations, which are subject to a number of challenges and risks.

A portion of our sales are to governmental agencies. Additionally, many of our current and prospective customers, such as those in the financial services and health care industries, are highly regulated and may be required to comply with more stringent regulations in connection with subscribing to and implementing our service. Selling to these entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully complete a sale. Government and highly regulated entities often require contract terms that differ from our standard arrangements and impose compliance requirements that are complicated, require preferential pricing or "most favored nation" terms and conditions, or are otherwise time consuming and expensive to satisfy. Due to the additional requirements of the U.S. federal government, we are in the process of establishing data centers that are compliant with the Federal Information Security Management Act. The additional costs associated with providing our service to government and highly regulated customers could harm our margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our service to them and to grow or maintain our customer base.

We may acquire or invest in companies, which may divert our management's attention, result in additional dilution to our stockholders, and we may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.

We may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our service offerings or our ability to provide services in international locations, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies. An acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their software is not easily adapted to work with ours, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our stockholders;
- use cash that we may need in the future to operate our business;
- incur debt on terms unfavorable to us or that we are unable to repay;
- incur large charges or substantial liabilities;
- encounter difficulties retaining key employees of the acquired company or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Risks Relating to Ownership of Our Common Stock and this Offering

The market price of our common stock is likely to be volatile and could subject us to litigation.

Prior to this offering, there has not been a public market for our common stock. We cannot assure you that an active trading market for our common stock will develop following this offering. You may not be able to sell your shares quickly or at the market price if trading in our common stock is not active. The initial public offering price for the shares will be determined by negotiations between us and representatives of the underwriters and may not be indicative of prices that will prevail in the trading market following the offering. In addition, the trading prices of the securities of technology companies in general have been highly volatile. Accordingly, the market price of our common stock is likely to be subject to wide fluctuations. Factors affecting the market price of our common stock include:

- variations in our operating results, earnings per share, cash flows from operating activities, deferred revenue, and other financial metrics and non-financial metrics, and how those results compare to analyst expectations;
- forward-looking statements related to future revenues and earnings per share;
- the net increases in the number of customers, either independently or as compared with published expectations of industry, financial or other analysts that cover our company;
- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to follow our common stock;
- announcements of technological innovations, new solutions or enhancements to services, strategic alliances or significant agreements by us or by our competitors;
- announcements by us or by our competitors of mergers or other strategic acquisitions, or rumors of such transactions involving us or our competitors;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- disruptions in our service due to computer hardware, software or network problems, security breaches, or other man-made or natural disasters;
- the economy as a whole, market conditions in our industry, and the industries of our customers;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding common stock;
- the size of our market float; and
- any other factors discussed herein.

In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price of our common stock might also decline in reaction to events that affect other companies within, or outside, our industry even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of our management's attention and resources.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section titled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders.

We do not intend to pay dividends on our common stock so any returns will be limited to changes in the value of our common stock.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our common stock may be prohibited or limited by the terms of any future debt financing arrangement. Any return to stockholders will therefore be limited to the increase, if any, of our stock price.

Our directors, officers and principal stockholders beneficially own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of May 31, 2012, our directors, officers, five percent or greater stockholders and their respective affiliates beneficially owned in the aggregate approximately 90% of our outstanding voting stock and, upon completion of this offering, that same group will hold in the aggregate approximately 82% of our outstanding voting stock (assuming no exercise of the underwriters' overallotment option), including approximately 49% controlled by funds affiliated with JMI Equity. Therefore, after this offering these stockholders will continue to have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders will be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The assumed initial public offering price is substantially higher than the net tangible book value per share of our common stock will be immediately after this offering. Investors purchasing common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing common stock in this offering will incur immediate dilution of $14.68 per share, assuming an initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

This dilution is due to the substantially lower price paid by our investors who purchased shares prior to this offering as compared to the price offered to the public in this offering, and any previous exercise of stock options granted to our employees. In addition, as of March 31, 2012, options to purchase 36,958,079 shares of our common stock at a weighted average exercise price of $2.91 per share and 1,000,000 RSUs were outstanding. The exercise of any of these options and settlement of any of these RSUs would result in additional dilution. As a result of the dilution to investors purchasing shares in this offering, investors may receive less than the purchase price paid in this offering, if anything, in the event of our liquidation.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may need additional capital in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock, including shares of common stock sold in this offering.

Sales of a substantial number of shares of our common stock in the public market by our existing stockholders following this offering could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

All of our officers and directors and the holders of substantially all of our capital stock are subject to lock-up agreements with the underwriters of this offering that restrict the stockholders' ability to transfer shares of our common stock for at least 180 days from the date of this prospectus. The lock-up agreements limit the number of shares of common stock that may be sold immediately following this initial public offering. Subject to certain limitations, approximately 106,188,790 shares will become eligible for sale upon expiration of the 180-day lock-up period and 2,450,980 shares will become eligible for sale on February 21, 2013 upon expiration of a lock-up agreement with certain stockholders. In addition, shares issued or issuable upon exercise of options vested as of the expiration of the 180-day lock-up period will be eligible for sale at that time. Sales of stock by these stockholders could have a material adverse effect on the trading price of our common stock.

Certain holders of shares of our common stock are entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended, or the Securities Act, subject to the 180-day lock-up arrangement described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by our affiliates as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

Provisions in our restated certificate of incorporation and restated bylaws and Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our restated certificate of incorporation and restated bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit the board of directors to establish the number of directors;
- provide that directors may only be removed "for cause" and only with the approval of 66 $^{2}/_{3}$% of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our restated bylaws; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements, other than statements of historical fact, contained in this prospectus, including statements regarding our future results of operations, financial position and cash flows, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “would,” “could,” “should,” “intend” and “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of these forward-looking statements after the date of this prospectus or to conform these statements to actual results or revised expectations.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our general expectations, market position, market opportunity and market size, is based on information from various sources, including independent industry publications like those generated by Gartner, Inc. In presenting this information, we have also made assumptions based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets for our service and related solutions. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although neither we nor the underwriters have independently verified the accuracy or completeness of any third-party information, we believe the market position, opportunity and market size information included in this prospectus is reliable and the conclusions contained in the third-party information are reasonable. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

The Gartner report, "Forecast: Enterprise Software Markets, Worldwide, 2009-2016, 1Q12 Update," March, 2012, described herein, or the Gartner Report, represents data, research opinion or viewpoints published as part of a syndicated subscription service, by Gartner, and may not be representations of fact. The Gartner Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Report are subject to change without notice.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the shares of common stock offered by us will be approximately $131.0 million, assuming an initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds from this offering will be approximately $151.1 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of common stock by the selling stockholders.

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) our net proceeds from this offering by approximately $8.4 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions.

The principal purposes of this offering are to create a public market for our common stock, obtain additional capital, facilitate our future access to the public equity markets, increase awareness of our company among potential customers and improve our competitive position. While we have no specific plans at this time, we may use some of the proceeds from this offering to make additions to and expand our data center operations, and to build out our office facilities. We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes. Additionally, we may choose to expand our current business through acquisitions of, or investments in, other businesses, products or technologies, using cash or shares of our common stock. However, we have no commitments with respect to any such acquisitions or investments at this time.

Pending the use of proceeds from this offering, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities. Our management will have broad discretion in the application of the net proceeds from this offering and investors will be relying on the judgment of our management regarding the application of the proceeds.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2012:

- on an actual basis;
- on a pro forma basis to give effect to the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 83,703,016 shares of common stock and the filing of our restated certificate of incorporation upon the closing of this offering; and
- on a pro forma as adjusted basis to reflect the pro forma adjustments described above and the sale and issuance of shares of common stock in this offering by us, and the receipt of the net proceeds from our sale of 9,000,000 shares at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The information below is illustrative only and our cash and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read the information in this table together with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of March 31, 2012		
	Actual	Pro Forma	Pro Forma as Adjusted(1)
	(in thousands, except share and per share data)		
Cash and cash equivalents	$ 80,140	$ 80,140	$ 211,160
Series C redeemable convertible preferred stock, $0.001 par value: 983,606 shares authorized, 983,606 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	$ 5,962	$ —	$ —
Series A redeemable convertible preferred stock, $0.001 par value: 2,500,000 shares authorized, 2,500,000 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	3,855	—	—
Series B redeemable convertible preferred stock, $0.001 par value: 4,040,488 shares authorized, 3,988,636 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	7,265	—	—
Series D convertible preferred stock, $0.001 par value: 3,830,379 shares authorized; 2,990,635 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	51,245	—	—
Stockholders' equity (deficit):			
Preferred stock, $0.001 par value: no shares authorized, issued or outstanding, actual; 10,000,000 shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.001 par value: 200,000,000 shares authorized, 27,586,754 shares issued and outstanding, actual; 600,000,000 shares authorized, 111,289,770 shares issued and outstanding, pro forma; 600,000,000 shares authorized and 120,289,770 shares issued and outstanding, pro forma as adjusted	28	111	120
Additional paid-in capital	32,783	101,027	232,038
Accumulated other comprehensive income	771	771	771
Accumulated deficit	(73,780)	(73,780)	(73,780)
Total stockholders' equity (deficit)	(40,198)	28,129	159,149
Total capitalization	$ 28,129	$ 28,129	$ 159,149

(footnotes on next page)

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately $8.4 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions. Similarly, each increase (decrease) of one million shares in the number of shares offered by us would increase (decrease), cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately $14.9 million, assuming the assumed initial public offering price remains the same and after deducting the underwriting discounts and commissions.

The number of shares of our common stock to be outstanding after this offering is based on 111,289,770 shares of common stock outstanding as of March 31, 2012 and excludes:

- 36,958,079 shares of common stock issuable upon the exercise of outstanding options with a weighted-average exercise price of $2.91 per share and 1,000,000 shares of common stock issuable pursuant to outstanding RSUs under our 2005 Stock Plan;
- 4,300,809 shares of common stock reserved for future issuance under our 2005 Stock Plan; provided, however, that immediately prior to the closing of this offering, any remaining shares available for issuance under our 2005 Stock Plan will be added to the shares reserved under our 2012 Equity Incentive Plan and we will cease granting awards under the 2005 Stock Plan;
- 9,600,000 additional shares of common stock reserved for future issuance under our 2012 Equity Incentive Plan, which will become effective on the date immediately prior to the date on which the registration statement is declared effective; and
- 5,000,000 shares of common stock reserved for future issuance under our 2012 Employee Stock Purchase Plan, which will become effective upon the closing of this offering.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after our initial public offering.

As of March 31, 2012, our pro forma net tangible book value was $28.1 million, or $0.25 per share of common stock. Pro forma net tangible book value per share represents the amount of our tangible assets less our liabilities divided by the total number of shares of our common stock outstanding, after giving effect to the conversion of our convertible preferred stock into an aggregate of 83,703,016 shares of our common stock upon the closing of this offering.

Our pro forma as adjusted net tangible book value as of March 31, 2012 was $159.1 million, or $1.32 per share of common stock. Pro forma as adjusted net tangible book value per share reflects the pro forma adjustments described above and further reflects the sale of 9,000,000 shares of common stock by us in this offering at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. This represents an immediate increase in pro forma as adjusted net tangible book value of $1.07 per share to existing stockholders and immediate dilution of $14.68 per share to new investors purchasing shares in the offering.

The following table illustrates this per share dilution:

Assumed initial public offering price per share		$16.00
Pro forma net tangible book value per share as of March 31, 2012	$0.25	
Increase in net tangible book value per share attributable to new investors in this offering	1.07	
Pro forma as adjusted net tangible book value per share after this offering		1.32
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering		$14.68

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) our pro forma as adjusted net tangible book value as of March 31, 2012 by approximately $8.4 million, the pro forma as adjusted net tangible book value per share after this offering by $0.07 and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by $0.93, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions. Similarly, each increase (decrease) of one million shares in the number of shares of common stock offered by us would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by $0.11, and the dilution in pro forma net tangible book value per share to new investors in this offering by $0.11, assuming the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions. If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value per share after this offering would be $1.47 per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be $14.53 per share of common stock.

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2012, the differences between the number of shares of common stock purchased from us, the total cash consideration and the average price per share paid to us by existing stockholders and by new investors purchasing shares in this offering, at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing stockholders	111,289,770	93%	$ 95,561,392	40%	$ 0.86
New investors	9,000,000	7	144,000,000	60	16.00
Total	120,289,770	100%	$239,561,392	100%	

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid to us by new investors participating in this offering by approximately $9.0 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, before deducting underwriting discounts and commissions.

Sales of shares of common stock by the selling stockholders in this offering will reduce the number of shares of common stock held by existing stockholders to 108,639,770, or approximately 90% of the total shares of common stock outstanding after this offering, and will increase the number of shares held by new investors to 11,650,000, or approximately 10% of the total shares of common stock outstanding after this offering.

If the underwriters' over-allotment option is exercised in full, the number of shares of common stock held by existing stockholders will be reduced to 89% of the total number of shares of common stock to be outstanding after this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to 13,397,500, or 11% of the total number of shares of common stock to be outstanding after this offering.

The table and discussion above are based on 111,289,770 shares of common stock outstanding as of March 31, 2012, and exclude:

- 36,958,079 shares of common stock issuable upon the exercise of outstanding options with a weighted- average exercise price of $2.91 per share and 1,000,000 shares of common stock issuable pursuant to outstanding RSUs under our 2005 Stock Plan;
- 4,300,809 shares of common stock reserved for future issuance under our 2005 Stock Plan; provided, however, that immediately prior to the closing of this offering, any remaining shares available for issuance under our 2005 Stock Plan will be added to the shares reserved under our 2012 Equity Incentive Plan and we will cease granting awards under the 2005 Stock Plan;
- 9,600,000 additional shares of common stock reserved for future issuance under our 2012 Equity Incentive Plan, which will become effective on the date immediately prior to the date on which the registration statement is declared effective; and
- 5,000,000 shares of common stock reserved for future issuance under our 2012 Employee Stock Purchase Plan, which will become effective upon the closing of this offering.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with our consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes. Our historical results are not necessarily indicative of our future results.

The selected consolidated statements of operations data for fiscal 2009, 2010 and 2011 and for the six months ended December 31, 2011 and the selected consolidated balance sheet data as of June 30, 2010 and 2011 and as of December 31, 2011 are derived from our audited consolidated financial statements appearing elsewhere in this prospectus. The consolidated balance sheet data as of June 30, 2009 is derived from our audited consolidated financial statements which are not included in this prospectus. The consolidated statement of operations data for the six months ended December 31, 2010 and the three months ended March 31, 2011 and 2012, and the unaudited selected consolidated balance sheet data as of March 31, 2012 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The consolidated statements of operations data for fiscal 2007 and 2008 and the consolidated balance sheet data as of June 30, 2007 and 2008 are derived from our unaudited consolidated financial statements which are not included in this prospectus. We have prepared the unaudited financial information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, we consider necessary for a fair statement of the financial information set forth in those statements.

	Fiscal Year Ended June 30,					Six Months Ended December 31,		Three Months Ended March 31,	
	2007	2008	2009	2010	2011	2010	2011	2011	2012
	(in thousands, except share and per share data)								
Consolidated Statements of Operations Data:									
Revenues[1]:									
Subscription	$ 1,834	$ 8,644	$17,841	$ 40,078	$79,191	$ 33,191	$ 64,886	$ 21,224	$ 39,541
Professional services and other	29	137	1,474	3,251	13,450	4,753	8,489	3,988	7,890
Total revenues	1,863	8,781	19,315	43,329	92,641	37,944	73,375	25,212	47,431
Cost of revenues[2][3]:									
Subscription	397	1,838	3,140	6,378	15,311	6,096	15,073	4,451	11,012
Professional services and other	253	2,717	4,711	9,812	16,264	6,778	12,850	4,763	10,224
Total cost of revenues	650	4,555	7,851	16,190	31,575	12,874	27,923	9,214	21,236
Gross profit	1,213	4,226	11,464	27,139	61,066	25,070	45,452	15,998	26,195
Operating expenses[2][3]:									
Sales and marketing	2,314	6,142	8,499	19,334	34,123	13,728	32,501	8,309	19,307
Research and development	2,682	2,098	2,433	7,194	7,004	2,758	7,030	1,885	6,043
General and administrative	356	1,854	6,363	28,810	9,379	3,417	10,084	2,680	6,427
Total operating expenses	5,352	10,094	17,295	55,338	50,506	19,903	49,615	12,874	31,777
Income (loss) from operations	(4,139)	(5,868)	(5,831)	(28,199)	10,560	5,167	(4,163)	3,124	(5,582)
Interest and other income (expense), net	170	10	(27)	(1,226)	606	289	(1,446)	252	492
Income (loss) before provision for income taxes	(3,969)	(5,858)	(5,858)	(29,425)	11,166	5,456	(5,609)	3,376	(5,090)
Provision for income taxes	2	23	48	280	1,336	653	1,075	385	550
Net income (loss)	(3,971)	(5,881)	(5,906)	(29,705)	9,830	4,803	(6,684)	2,991	(5,640)

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	Fiscal Year Ended June 30,					Six Months Ended December 31,		Three Months Ended March 31,	
	2007	2008	2009	2010	2011	2010	2011	2011	2012
	(in thousands, except share and per share data)								
Net income (loss) per share attributable to common stockholders(4):									
Basic	$ (0.11)	$ (0.16)	$ (0.17)	$ (1.31)	$ 0.09	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Diluted	$ (0.11)	$ (0.16)	$ (0.17)	$ (1.31)	$ 0.08	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders(4):									
Basic	40,000,000	40,115,383	39,039,066	23,157,576	18,163,977	17,156,445	21,104,219	18,702,229	25,123,582
Diluted	40,000,000	40,115,383	39,039,066	23,157,576	28,095,486	27,622,357	21,104,219	28,368,105	25,123,582
Pro forma net income (loss) per share attributable to common stockholders(4):									
Basic					$ 0.09		$ (0.06)		$ (0.05)
Diluted					$ 0.09		$ (0.06)		$ (0.05)
Pro forma weighted-average shares used to compute pro forma net income (loss) per share attributable to common stockholders(4):									
Basic					103,617,973		106,558,215		108,826,598
Diluted					113,633,033		106,558,215		108,826,598

(1) Revenues for fiscal 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012 reflect the prospective adoption of new revenue accounting guidance commencing on July 1, 2010. As a result of this guidance, we separately allocate value for multiple element contracts between our subscription revenues and professional services revenues based on the best estimate of selling price. Additionally, we recognize professional services revenues as the services are delivered. Please refer to Note 2 to our consolidated financial statements for further discussion of our revenue recognition policies.

(2) Stock-based compensation included in the statements of operations above was as follows:

	Fiscal Year Ended June 30,					Six Months Ended December 31,		Three Months Ended March 31,	
	2007	2008	2009	2010	2011	2010	2011	2011	2012
	(in thousands)								
Cost of revenues:									
Subscription	$ —	$ 3	$ 6	$ 48	$ 548	$ 225	$ 674	$ 156	$ 532
Professional services and other	1	5	11	28	117	37	193	38	192
Sales and marketing	8	22	45	277	1,004	431	2,010	288	1,471
Research and development	3	12	50	90	468	207	704	143	661
General and administrative	5	14	15	102	817	221	2,056	130	1,062

(3) Operating expenses for fiscal 2009 reflect compensation expense of $3.8 million related to the stock settlement of an outstanding promissory note in connection with our sale and issuance of Series C preferred stock. Cost of revenues and operating expenses for fiscal 2010 reflect compensation expense of $0.7 million and $30.1 million, respectively, related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock.

(4) Please refer to Note 13 to our consolidated financial statements for an explanation of the method used to calculate the historical and pro forma net income (loss) per share attributable to common stockholders and the number of shares used in the computation of the per share amounts.

	As of June 30,					As of December 31,	As of March 31,
	2007	2008	2009	2010	2011	2011	2012
	(in thousands)						
Consolidated Balance Sheet Data:							
Cash and cash equivalents	$ 3,619	$ 4,772	$ 7,788	$ 29,402	$ 59,853	$ 68,088	$ 80,140
Working capital, excluding deferred revenue	5,647	5,401	10,090	33,080	75,801	95,033	117,695
Total assets	6,341	7,725	15,327	51,369	108,746	156,323	184,998
Deferred revenue, current and non-current portion	4,207	9,867	16,778	40,731	74,646	104,636	115,757
Convertible preferred stock	8,187	8,810	15,342	67,227	67,860	68,172	68,327
Total stockholders' equity (deficit)	(6,650)	(13,112)	(21,690)	(71,262)	(58,381)	(57,426)	(40,198)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

ServiceNow is a leading provider of cloud-based services to automate enterprise IT operations. Our service includes a suite of applications built on our proprietary platform that automates workflow and integrates related business processes. 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, to lower operational costs and to enhance efficiency. Additionally, our customers use our extensible platform to build custom applications for automating activities unique to their business requirements.

We offer our service under a SaaS business model. Our subscription fee includes the use of our service and our technical support and management of the hosting infrastructure. We provide a scaled pricing model based on the number of users, in which the subscription price per user decreases as the number of users increases. We generally bill our customers annually in advance. We generate sales through our direct sales team and indirectly through channel partners and third-party referrals. We also generate revenues from professional services for implementation and training.

Many customers initially subscribe to our service to solve a specific and immediate problem. Once their problem is solved, many of our customers deploy additional applications as they become more familiar with our service and apply it to new IT processes. In addition, some customers adopt our platform to build applications that automate various processes for business uses outside of IT such as human resources, facilities and quality control management. A majority of our revenues come from large global enterprise customers. Our total customers grew 61% from 668 as of March 31, 2011 to 1,074 as of March 31, 2012.

We were founded in 2004 and entered into our first commercial contract in 2005. To date, we have funded our business primarily with cash flows from operations. We continue to invest in the development of our service, infrastructure and sales and marketing to drive long-term growth. In 2011, we significantly changed our executive management team. We hired a new Chief Executive Officer in May 2011, and our founder became Chief Product Officer. We subsequently hired additional key executives across our entire organization including our Chief Financial Officer, Chief Technology Officer, Senior Vice President Worldwide Sales and Services, Senior Vice President Engineering, Vice President Human Resources and Vice President of Marketing. In addition, we increased our overall employee headcount from 375 as of June 30, 2011 to 729 as of March 31, 2012.

We have achieved significant revenue growth in recent periods. For the fiscal years ended June 30, 2010 and 2011, our revenues grew 114% from $43.3 million to $92.6 million. We incurred a net loss of $29.7 million and generated net income of $9.8 million for the fiscal years ended June 30, 2010 and 2011, respectively. For the six months ended December 31, 2010 and 2011, our revenues grew 93% from $37.9 million to $73.4 million. We generated net income of $4.8 million and incurred a net loss of $6.7 million for the six months ended December 31, 2010 and 2011, respectively. For the three months ended March 31, 2011 and 2012, our revenues grew 88% from $25.2 million to $47.4 million. We generated net income of $3.0 million and incurred a net loss of $5.6 million for the three months ended March 31, 2011 and 2012, respectively.

Fiscal Year End

On February 3, 2012, our board of directors approved a change to our fiscal year-end from June 30 to December 31. Included in this prospectus is the transition period for the six months ended December 31, 2011. Accordingly, we present the consolidated balance sheets as of June 30, 2010 and 2011 and December 31, 2011, and the consolidated statements of comprehensive income, changes in convertible preferred stock and stockholders' deficit, and cash flows for the fiscal years ended June 30, 2009, 2010 and 2011 and the six months ended December 31, 2010 and 2011. References to "fiscal 2009", "fiscal 2010" and "fiscal 2011" still refer to the fiscal years ended June 30, 2009, 2010 and 2011, respectively.

Key Factors Affecting Our Performance

Total customers. We believe total customers is a key indicator of our market penetration, growth and future revenues. We have aggressively invested in and intend to continue to invest in our direct sales force, as well as to pursue additional partnerships within our indirect sales channel. We generally define a customer as an entity with an active service contract as of the measurement date. In situations where there is a single contract that applies to entities with multiple subsidiaries or divisions, universities, or governmental organizations, each entity that has contracted for a separate production instance of our service is counted as a separate customer. Our total customers were 281, 460 and 771 as of June 30, 2009, 2010 and 2011, respectively, 602 and 974 as of December 31, 2010 and 2011, respectively and 668 and 1,074 as of March 31, 2011 and 2012, respectively.

Investment in growth. We have aggressively invested, and intend to continue to invest, in expanding our operations, increasing our headcount and developing technology to support our growth. We expect our total operating expenses to increase in the foreseeable future, particularly as we continue to expand our sales and hosting operations. We continue to invest in our sales and marketing organization to drive additional revenues and support the growth of our customer base. Any investments we make in our sales and marketing organization will occur in advance of experiencing any benefits from such investments, so it may be difficult for us to determine if we are efficiently allocating our resources in these areas.

Renewal rate. We calculate our renewal rate by subtracting our attrition rate from 100%. Our attrition rate for a period is equal to the annual contract value from customers that are due for renewal in the period and did not renew, divided by the total annual contract value from all customers due for renewal during the period. Annual contract value is equal to the first twelve months of expected subscription revenues under a contract. We believe our renewal rate is an important metric to measure the long-term value of customer agreements and our ability to retain our customers. Our renewal rate was 94%, 95%, and 97% in fiscal 2009, 2010 and 2011, respectively, 99% and 97% in the six months ended December 31, 2010 and 2011, respectively, and 96% in both the three months ended March 31, 2011 and 2012.

Upsells. In order for us to continue to grow our business, it is important to generate additional revenue from existing customers. We believe there is significant opportunity to increase the number of subscriptions sold to current customers as customers become more familiar with our platform and adopt our applications to address additional business use cases. We believe our ability to upsell is a key factor affecting our ability to further penetrate our existing customer base. We monitor upsells by measuring the annual contract value of upsells signed in the period as a percentage of our total annual contract value of all contracts signed in the period. Upsells as a percentage of total annual contract value signed was 20%, 25% and 27% in fiscal 2009, 2010 and 2011, respectively, 25% and 28% in the six months ended December 31, 2010 and 2011, respectively, and 35% and 32% in the three months ended March 31, 2011 and 2012, respectively.

Investment in infrastructure. We intend to continue to make substantial investments in new equipment to support growth at our data centers and provide enhanced levels of service to our customers. We are transitioning from a managed service hosting model, where a third party manages most aspects of the operations of the hosting infrastructure, to a co-location model, where we will have more direct control over the infrastructure and its operation. We are also investing in enhancements to our cloud architecture, which are designed to provide our customers with enhanced data reliability and availability. We expect to complete these two transitions in the second half of 2012. For purchases of equipment for use in our data centers, we made capital expenditures of $3.1 million in the three months ended March 31, 2012 and anticipate making capital expenditures of approximately $22 million during the remainder of fiscal 2012. Actual capital expenditures during 2012 may fluctuate from this estimate due to unforeseen circumstances, such as changes to our customer growth rate or project delays.

Professional services model. We believe our investment in professional services facilitates the adoption of our subscription service. As a result, our sales efforts have been focused primarily on our subscription service, rather than the profitability of our professional services business. Historically, our pricing for professional services was predominantly on a fixed-fee basis and the cost of the time and materials incurred to complete these services was greater than the amount charged to the customer. These factors contributed to our negative gross profit percentages from professional services of (220)%, (202)% and (21)% for fiscal 2009, 2010 and 2011, respectively, (43)% and (51)% for the six months ended December 31, 2010 and 2011, respectively, and (19)% and (30)% for the three months ended March 31, 2011 and 2012, respectively. The improvement in gross profit percentages was due in part to the adoption of new revenue recognition accounting guidance commencing on July 1, 2010. In addition, in December 2011, we began shifting our pricing model to a time-and-materials basis. In the future, we intend to price our professional services based on the anticipated cost of those services and as a result expect to improve the gross profit percentage of our professional services business.

Platform adoption. Our service includes access to our suite of applications, as well as access to our platform to develop custom applications. Though in the near term we expect our revenue growth to be primarily driven by the pace of adoption and penetration of our suite of applications, we are investing considerable resources to enhance the application development capabilities of our platform. We believe the adoption of our platform will enhance our ability to acquire new customers, to increase renewals and to increase upsells due to an increase in the number of authorized users per customer.

Components of Results of Operations

Revenues

Subscription revenues. Subscription revenues are primarily comprised of fees which give customers access to our suite of on-demand applications, as well as access to our platform to build custom applications. Pricing includes multiple instances, hosting and support services, data backup and disaster recovery services, as well as future upgrades offered during the subscription period. In addition, we offer two separately licensed enabling technologies, Discovery and Runbook Automation. We typically invoice our customers for subscription fees in annual increments upon initiation of the initial contract or subsequent renewal. We generally enter into arrangements with customers to purchase subscriptions for a term greater than 12 months, with an average initial contract term of approximately 30 months. Our contracts are generally non-cancelable, though customers can terminate for breach if we materially fail to perform. Fees for subscription services are generally billed annually in advance.

We generate sales directly through our sales team and, to a lesser extent, through our channel partners. Sales to our channel partners are made at a discount and revenues are recorded at the discounted price when all revenue recognition criteria are met. In addition, we pay referral fees to third parties typically ranging from 10% to 20% of the first year’s annual contract value. These fees are included in sales and marketing expense.

Professional services and other revenues. Professional services revenues consist of fees associated with the implementation and configuration of our subscription service. Other revenues include customer training and attendance fees for our Knowledge conferences. Historically, our pricing for professional services was predominantly on a fixed-fee basis. However, in December 2011, we began shifting our pricing model to a time-and-materials basis. Going forward, we anticipate the majority of our new business will be priced on a time-and-materials basis. Most of our professional services engagements span six to eight months. We typically bill for our fixed price professional services in two installments, with the first installment due up front and the second installment due at either a specified future date (usually approximately three months from the contract start date) or upon completion of the services. Our time-and-materials professional services are generally billed monthly in arrears based on actual hours and expenses incurred. Typical payment terms provide our customers pay us within 30 days of invoice.

Prior to fiscal 2011, we recorded revenues from our professional services over a period commensurate with our subscription service contracts. However, the cost associated with our professional services engagements was recorded as the services were delivered, resulting in lower gross profit percentages in fiscal 2009 and 2010. On July 1, 2010, we adopted new revenue recognition accounting guidance on a prospective basis that enabled us to separately allocate value for our multiple element arrangements between our subscription revenues and professional services revenues, based on the best estimate of selling price. As a result, professional services revenues are recognized as the services are delivered, which is substantially the same period as the associated costs are incurred. This shift resulted in an increase to professional services and other revenues of $5.5 million for fiscal 2011. Refer to “Critical Accounting Policies and Significant Judgments and Estimates” below for further discussion of our revenue recognition accounting policy.

Backlog. Backlog represents future amounts to be invoiced under our agreements. As of December 31, 2011 and March 31, 2012, we had backlog of approximately $210 million and $248 million, respectively. We expect backlog will change from period to period for several reasons, including the timing and duration of customer subscription and professional services agreements, varying billing cycles of subscription agreements, and the timing of customer renewals.

Overhead Allocation

Overhead associated with our facilities, IT costs and depreciation is allocated to our cost of revenues and operating expenses based on headcount.

Cost of Revenues

Subscription cost of revenues. Cost of subscription revenues primarily consists of expenses related to hosting our service and providing support. These expenses are comprised of data center capacity costs; personnel and related costs directly associated with our cloud infrastructure and customer support, including salaries, benefits, bonuses and stock-based compensation; allocated overhead; and third-party referral fees.

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

Professional services associated with the implementation and configuration of our subscription service are performed directly by our services team, as well as by contracted third-party vendors. Fees paid up-front to our third-party vendors are deferred and amortized to cost of revenues as the services are delivered. Fees owed to our third-party vendors are accrued over the same requisite service period. Cost of revenues associated with our professional services engagements contracted with third-party vendors as a percentage of professional services and other revenues was 52%, 135% and 54% for fiscal 2009, 2010 and 2011, respectively, 70% and 64% for the six months ended December 31, 2010 and 2011, respectively, and 54% and 52% for the three months ended March 31, 2011 and 2012, respectively. Cost of revenues associated with our professional services engagements contracted with third-party vendors as a percentage of the total professional services and other cost of revenues was 16%, 45% and 45% for fiscal 2009, 2010 and 2011, respectively, 49% and 43% for the six months ended December 31, 2010 and 2011, respectively, and 45% and 40% for the three months ended March 31, 2011 and 2012, respectively.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel and related costs directly associated with our sales and marketing staff, including salaries, benefits, bonuses, commissions and stock-based compensation.

Other costs included in this expense are marketing and promotional events, including our Knowledge conferences, online marketing, product marketing and allocated overhead.

Research and Development Expenses

Research and development expenses consist primarily of personnel and related costs directly associated with our research and development staff, including salaries, benefits, bonuses and stock-based compensation, and allocated overhead.

General and Administrative Expenses

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

Provision for Income Taxes

Provision for income taxes consists of federal, state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our deferred tax assets as of December 31, 2011. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against our deferred tax assets.

Results of Operations

To enhance comparability, the following table sets forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(in thousands)			
Revenues[1]:							
Subscription	$17,841	$ 40,078	$79,191	$33,191	$64,886	$21,224	$39,541
Professional services and other	1,474	3,251	13,450	4,753	8,489	3,988	7,890
Total revenues	19,315	43,329	92,641	37,944	73,375	25,212	47,431
Cost of revenues[2][3]:							
Subscription	3,140	6,378	15,311	6,096	15,073	4,451	11,012
Professional services and other	4,711	9,812	16,264	6,778	12,850	4,763	10,224
Total cost of revenues	7,851	16,190	31,575	12,874	27,923	9,214	21,236
Gross profit	11,464	27,139	61,066	25,070	45,452	15,998	26,195
Operating expenses[2][3]:							
Sales and marketing	8,499	19,334	34,123	13,728	32,501	8,309	19,307
Research and development	2,433	7,194	7,004	2,758	7,030	1,885	6,043
General and administrative	6,363	28,810	9,379	3,417	10,084	2,680	6,427
Total operating expenses	17,295	55,338	50,506	19,903	49,615	12,874	31,777
Income (loss) from operations	(5,831)	(28,199)	10,560	5,167	(4,163)	3,124	(5,582)
Interest and other income (expense), net	(27)	(1,226)	606	289	(1,446)	252	492
Income (loss) before provision for income taxes	(5,858)	(29,425)	11,166	5,456	(5,609)	3,376	(5,090)
Provision for income taxes	48	280	1,336	653	1,075	385	550
Net income (loss)	(5,906)	(29,705)	9,830	4,803	(6,684)	2,991	(5,640)

(footnotes on next page)

(1) Revenues for fiscal 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012 reflect the prospective adoption of new revenue accounting guidance commencing on July 1, 2010. As a result of this guidance, we separately allocate value for multiple element contracts between our subscription revenues and professional services revenues based on the best estimate of selling price. Additionally, we recognize professional services revenues as the services are delivered. Please refer to Note 2 to our consolidated financial statements for further discussion of our revenue recognition policies.

(2) Stock-based compensation included in the statements of operations above was as follows:

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands)						
Cost of revenues:							
Subscription	$ 6	$ 48	$ 548	$ 225	$ 674	$ 156	$ 532
Professional services and other	11	28	117	37	193	38	192
Sales and marketing	45	277	1,004	431	2,010	288	1,471
Research and development	50	90	468	207	704	143	661
General and administrative	15	102	817	221	2,056	130	1,062

(3) Operating expenses for fiscal 2009 reflect compensation expense of $3.8 million related to the stock settlement of an outstanding promissory note in connection with our sale and issuance of Series C preferred stock. Cost of revenues and operating expenses for fiscal 2010 reflect compensation expense of $0.7 million and $30.1 million, respectively, related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock.

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(as a percentage of revenues)						
Revenues:							
Subscription	92%	92%	85%	87%	88%	84%	83%
Professional services and other	8	8	15	13	12	16	17
Total revenues	100	100	100	100	100	100	100
Cost of revenues:							
Subscription	16	15	16	16	20	18	23
Professional services and other	25	22	18	18	18	19	22
Total cost of revenues	41	37	34	34	38	37	45
Gross profit	59	63	66	66	62	63	55
Operating expenses:							
Sales and marketing	44	45	37	36	44	33	41
Research and development	12	17	8	7	10	7	13
General and administrative	33	66	10	9	14	11	13
Total operating expenses	89	128	55	52	68	51	67
Income (loss) from operations	(30)	(65)	11	14	(6)	12	(12)
Interest and other income (expense), net	—	(3)	1	1	(2)	1	1
Income (loss) before provision for income taxes	(30)	(68)	12	15	(8)	13	(11)
Provision for income taxes	1	1	1	2	1	2	1
Net income (loss)	(31)%	(69)%	11%	13%	(9)%	11%	(12)%

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	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands)						
Revenues by geography							
North America	$14,062	$31,396	$69,333	$27,919	$51,901	$18,437	$33,930
Europe	5,018	10,708	20,093	8,693	18,842	5,908	11,878
Asia Pacific and other	235	1,225	3,215	1,332	2,632	867	1,623
Total revenues	$19,315	$43,329	$92,641	$37,944	$73,375	$25,212	$47,431

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
Revenues by geography							
North America	73%	72%	75%	74%	71%	74%	72%
Europe	26%	25%	22%	23%	26%	23%	25%
Asia Pacific and other	1%	3%	3%	3%	3%	3%	3%
Total revenues	100%	100%	100%	100%	100%	100%	100%

Comparison of the three months ended March 31, 2011 and 2012

Revenues

	Three Months Ended March 31,		% Change
	2011	2012	
	(dollars in thousands)		
Revenues:			
Subscription	$ 21,224	$ 39,541	86%
Professional services and other	3,988	7,890	98%
Total revenues	$ 25,212	$ 47,431	88%
Percentage of revenues:			
Subscription	84%	83%	
Professional services and other	16%	17%	
Total	100%	100%	

Revenues increased $22.2 million, primarily due to the increase in subscription revenues of $18.3 million. Of the total increase in subscription revenues, 64% represented revenues from new customers acquired after March 31, 2011, and 36% represented revenues from existing customers at or prior to March 31, 2011. Our total customers increased 61% from March 31, 2011 to March 31, 2012. The average subscription revenues per customer increased 16% over this period primarily due an increase in the number of subscriptions sold to new customers.

Of the $18.3 million total increase in subscription revenues for the three months ended March 31, 2012, 19% represented revenues from channel partners and 81% represented sales to customers by our direct sales organization. Subscription revenues outside North America represented 30% of the $18.3 million total increase in subscription revenues and 70% represented subscription revenues in North America. During the three months ended March 31, 2012, we continued to increase our focus on international markets through the addition of new channel partners and expansion of our direct sales organization, and the opening of an additional sales and marketing office in Sweden.

The increase in professional services and other revenues of $3.9 million was primarily due to the growth in our customer base and $2.2 million of revenues associated with acceptances received during the period. Revenues outside North America represented 32% of the $3.9 million total increase in professional services and other revenues. Revenues in North America represented 68% of the $3.9 million total increase in professional services and other revenues.

Cost of Revenues and Gross Profit Percentage

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2012	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	$ 4,451	$ 11,012	147%
Professional services and other	4,763	10,224	115%
Total cost of revenues	$ 9,214	$ 21,236	130%
Gross profit percentage:			
Subscription	79%	72%	
Professional services and other	(19)%	(30)%	
Total gross profit percentage	63%	55%	
Gross profit	$ 15,998	$ 26,195	64%
Headcount (at period end)	126	265	110%

Cost of subscription revenues increased $6.6 million resulting in a decrease in our subscription gross profit percentage from 79% to 72%. The overall increase in cost of subscription revenues was primarily attributed to increased personnel-related costs of $3.2 million, consisting of increased employee compensation, benefits and travel costs of $2.9 million and additional stock-based compensation of $0.4 million. These personnel-related cost increases were driven by headcount growth from 70 at March 31, 2011 to 143 at March 31, 2012. We expect personnel-related costs to continue to increase as we continue to hire employees in our cloud infrastructure and support organizations to meet our growing customer demands. In addition, hosting fees for our network infrastructure increased $1.4 million as we increased data center capacity to migrate customers from our managed service data centers to our co-location data centers and to support our customer growth. We also opened eight new data centers since March 31, 2011. At March 31, 2012, we delivered our service from seven data centers in North America and nine data centers internationally compared to three data centers in North America and five data centers internationally as of March 31, 2011. We expect to open two new data centers in North America and two new data centers internationally by December 31, 2012. We expect to exit three of our managed services data centers in North America and five of our managed services data centers internationally by December 31, 2012. Depreciation expense also increased $1.3 million due to purchases of network infrastructure to support our new data centers and growth within our existing data centers, and accelerated depreciation of the assets located in our managed services data centers, which we commenced in the three months ended December 31, 2011 when we made the decision to exit these data centers by December 31, 2012. We expect depreciation expense to continue to increase as we purchase new equipment to support our new customers. We expect depreciation expense and hosting costs as a percentage of revenues will decrease in 2013 as we stop hosting customers in our managed services data centers.

By December 31, 2012, we plan on operating six data centers in North America and six data centers internationally. We believe these data centers will enable us to provide our subscription services to our existing customers and accommodate anticipated growth. Accordingly, we anticipate capital expenditures on data center capacity as a percentage of revenues in 2013 will decrease compared to 2012. In 2013, we anticipate that the substantial portion of our capital expenditures on data center capacity will be on new equipment within existing data centers to accommodate growth, which generally requires less capital expenditure than provisioning the equivalent capacity in a new data center. We may add additional data centers in future periods to accommodate growth, to expand into new geographies or to meet regulatory requirements.

We expect our subscription gross profit percentage to decrease to approximately 62% to 65% for the balance of 2012. In 2013 we anticipate our subscription gross profit percentage will increase as we exit redundant managed data centers and better utilize our existing data center capacity as we add new customers and our existing customers expand their use of our services.

Cost of professional services and other revenues increased $5.5 million, resulting in a decrease in our professional services and other gross profit percentage from (19)% to (30)%. The overall increase in cost of professional services and other revenues was primarily attributed to increased personnel-related costs of $3.2 million, consisting of increased employee compensation, benefits and travel costs of $3.1 million and additional stock-based compensation of $0.2 million. The increased personnel-related costs were driven by headcount growth from 56 at March 31, 2011 to 122 at March 31, 2012. In addition, outside services costs increased $2.2 million primarily due to additional fees paid to third parties to provide implementation services.

During the three months ended March 31, 2012, we incurred costs associated with certain fixed price professional services engagements signed in 2011 that exceeded the corresponding professional services revenues from these engagements. Although we do not anticipate our professional services business to become profitable in 2012, we expect our gross profit percentage from professional services will improve as we realize the benefits of the shift in our pricing model to primarily time and materials.

Sales and Marketing

	Three Months Ended March 31,		
	2011	2012	% Change
	(dollars in thousands)		
Sales and marketing	$ 8,309	$ 19,307	132%
Percentage of revenues	33%	41%	
Headcount (at period end)	103	270	162%

Sales and marketing expenses increased $11.0 million due to the expansion of our sales force and increases in marketing programs to address additional opportunities in new and existing markets. Total headcount in sales and marketing increased 162% from March 31, 2011 to March 31, 2012, contributing to an $8.7 million increase in personnel-related costs, consisting primarily of increased employee compensation, benefits and travel costs associated with our direct sales force of $7.6 million, and additional stock-based compensation of $1.2 million. In addition, commissions increased $1.7 million directly attributable to increased revenues and changes made to our commissions plan in the three months ended March 31, 2012 as compared to the three months ended March 31, 2011.

We expect sales and marketing expenses to increase and continue to be our largest component of costs and expenses, as we continue to expand our direct sales teams, increase our marketing activities, grow our international operations, build brand awareness and sponsor additional marketing events.

Research and Development

	Three Months Ended March 31,		
	2011	2012	% Change
	(dollars in thousands)		
Research and development	$ 1,885	$ 6,043	221%
Percentage of revenues	7%	13%	
Headcount (at period end)	39	116	197%

Research and development expenses increased $4.2 million primarily due to increased personnel-related costs of $4.5 million, consisting of increased employee compensation, benefits and travel costs associated with our research and development team of $3.9 million and additional stock-based compensation of $0.6 million. Total headcount in research and development increased 197% from March 31, 2011 to March 31, 2012 as we upgraded and extended our service offerings and developed new technologies.

We expect research and development expenses to increase as we improve the existing functionality of our service, develop new applications to fill market needs and continue to enhance our core platform.

General and Administrative

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2012	% Change
	(dollars in thousands)		
General and administrative	$ 2,680	$ 6,427	140%
Percentage of revenues	11%	13%	
Headcount (at period end)	34	78	129%

General and administrative expenses increased $3.7 million primarily due to increased headcount of 129% from March 31, 2011 to March 31, 2012. Personnel-related expenses increased $2.6 million, consisting of increased employee compensation, benefits and travel costs of $1.6 million and additional stock-based compensation of $0.9 million, as we added employees to support the growth of our business. Professional and outside service costs increased $1.1 million, comprised primarily of legal and accounting fees associated with our international expansion.

We expect to incur higher general and administrative expenses as a result of both our growth and transition to a public company, including higher legal, corporate insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and related regulations. We expect the continued expansion of our operations will also contribute to higher general and administrative expenses. Specifically, during the second half of 2012, we are relocating our headquarters to accommodate our growth. We anticipate taking an impairment charge of approximately $2.0 million to $3.0 million for exit costs associated with our current lease at the time we stop using the building.

Interest and Other Income, net

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2012	% Change
	(dollars in thousands)		
Interest and other income, net	$ 252	$ 492	95%
Percentage of revenues	1%	1%	

Interest and other income, net, primarily consists of foreign currency transaction gains and losses. The increase of $0.2 million is primarily due to unrealized gains on amounts invoiced to customers that are denominated in British pounds and Euros as the U.S. dollar weakened over the three months ended March 31, 2012 as compared to the three months ended March 31, 2011.

While we have not engaged in the hedging of our foreign currency transactions to date, we are presently evaluating the costs and benefits of initiating such a program and may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar.

Provision for Income Taxes

	Three Months Ended March 31, 2011	2012	% Change
	(in thousands)		
Income before income taxes	$ 3,376	$ (5,090)	NM
Provision for income taxes	385	550	43%
Effective tax rate	12%	(11)%	

The provision for income taxes increased $0.2 million, primarily as a result of a higher proportion of earnings in taxable jurisdictions in the three months ended March 31, 2012 compared to the same period in the prior year. During the three months ended March 31, 2012, we generated a loss in our foreign operations, which decreased our effective income tax rate.

We continue to maintain a full valuation allowance on our federal and state deferred tax assets, and the significant components of the tax expense recorded are current cash taxes in various jurisdictions. The cash tax expenses are impacted by each jurisdiction's individual tax rates, laws on timing of recognition of income and deductions and availability of net operating losses and tax credits. In December 2011, we reorganized our international operations and established our non-U.S. headquarters in the Netherlands, which has an effective tax rate that is lower than the U.S. federal statutory rate. Given the full valuation allowance, sensitivity of current cash taxes to local rules and our foreign restructuring, we expect our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates. The earnings of our foreign subsidiaries are considered to be permanently reinvested outside of the United States.

Comparison of the six months ended December 31, 2010 and 2011

Revenues

	Six Months Ended December 31, 2010	2011	% Change
	(dollars in thousands)		
Revenues:			
Subscription	$ 33,191	$ 64,886	95%
Professional services and other	4,753	8,489	79%
Total revenues	$ 37,944	$ 73,375	93%
Percentage of revenues:			
Subscription	87%	88%	
Professional services and other	13%	12%	
Total	100%	100%	

Revenues increased $35.4 million, due primarily to the increase in subscription revenues of $31.7 million. Of the total increase in subscription revenues, 55% represented revenues from new customers acquired after December 31, 2010, and 45% represented revenues from existing customers at or prior to December 31, 2010. Our total customers increased 62% from December 31, 2010 to December 31, 2011. The average subscription revenues per customer increased 19% over this period primarily due to an increase in the number of subscriptions sold to existing customers.

Of the $31.7 million total increase in subscription revenues for the six months ended December 31, 2011, 19% represented revenues from channel partners and 81% represented sales to customers by our direct sales organization. Subscription revenues outside North America represented 33% of the $31.7 million total increase in subscription revenues and 67% represented subscription revenues in North America. The increase in revenues from channel partners was due primarily to increased market adoption of our subscription service through sales by our existing channel partners and to a lesser extent the addition of new channel partners. The increase in subscription revenues outside North America was due primarily to increased adoption of our subscription service through sales by our existing channel partners and direct sales organization, and to a lesser extent the addition of new channel partners and the expansion of our direct sales organization. During the six months ended December 31, 2011, we opened additional sales and marketing offices in Denmark and France, which did not account for a significant portion of increased revenues during the period.

The increase in professional services and other revenues of $3.7 million was primarily due to the growth in our customer base. Revenues outside North America represented 27% of the $3.7 million total increase in professional services and other revenues. Revenues in North America represented 73% of the $3.7 million total increase in professional services and other revenues.

Cost of Revenues and Gross Profit Percentage

	Six Months Ended December 31,		
	2010	2011	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	$ 6,096	$ 15,073	147%
Professional services and other	6,778	12,850	90%
Total cost of revenues	$ 12,874	$ 27,923	117%
Gross profit percentage:			
Subscription	82%	77%	
Professional services and other	(43)%	(51)%	
Total gross profit percentage	66%	62%	
Gross profit	$ 25,070	$ 45,452	81%
Headcount (at period end)	101	217	115%

Cost of subscription revenues increased $9.0 million resulting in a decrease from 82% to 77% in subscription gross profit percentage. The overall increase in cost of subscription revenues was primarily attributed to increased personnel-related costs of $4.9 million, consisting of increased employee compensation, benefits and travel costs of $4.5 million and additional stock-based compensation of $0.4 million. In addition, hosting fees for our network infrastructure increased $1.6 million as we increased data center capacity to support our growth. At December 31, 2011, we delivered our service from seven data centers in North America and seven data centers internationally compared to three data centers in North America and five data centers internationally at December 31, 2010. Depreciation expense also increased $1.1 million as we started the transition of our network infrastructure from a managed services hosting model to a co-location model.

Cost of professional services and other revenues increased $6.1 million resulting in a decrease in professional services and other gross profit percentage from (43)% to (51)%. The overall increase in cost of professional services and other revenues was primarily attributed to increased personnel-related costs of $3.7 million, consisting of increased employee compensation, benefits and travel costs of $3.5 million and additional stock-based compensation of $0.2 million. In addition, outside services increased $1.9 million primarily related to additional fees paid to third-parties to provide implementation services.

Total headcount associated with cost of revenues increased 115% from December 31, 2010 to December 31, 2011 as we invested in additional resources to continue to support our subscription service and further develop our professional services group.

Sales and Marketing

	Six Months Ended December 31, 2010	Six Months Ended December 31, 2011	% Change
	(dollars in thousands)		
Sales and marketing	$ 13,728	$ 32,501	137%
Percentage of revenues	36%	44%	
Headcount (at period end)	90	242	169%

Sales and marketing expenses increased $18.8 million due to the expansion of our sales force and increases in marketing programs to address additional opportunities in new and existing markets. Total headcount in sales and marketing increased 169% from December 31, 2010 to December 31, 2011, contributing to a $13.3 million increase in personnel-related costs, consisting primarily of increased employee compensation, benefits and travel costs associated with our direct sales force of $11.8 million, and additional stock-based compensation of $1.6 million. In addition, we incurred an increase of $3.1 million in commissions directly attributable to increased sales and changes made to our commissions plan in the six months ended December 31, 2011. Marketing and event costs increased $1.3 million due to our continued efforts to generate sales leads and build brand awareness.

Research and Development

	Six Months Ended December 31, 2010	Six Months Ended December 31, 2011	% Change
	(dollars in thousands)		
Research and development	$ 2,758	$ 7,030	155%
Percentage of revenues	7%	10%	
Headcount (at period end)	34	83	144%

Research and development expenses increased $4.3 million primarily due to increased personnel-related costs of $4.0 million, consisting of increased employee compensation, benefits and travel costs associated with our research and development team of $3.5 million and additional stock-based compensation of $0.5 million. Total headcount in research and development increased 144% from December 31, 2010 to December 31, 2011 as we upgraded and extended our service offerings and developed new technologies.

General and Administrative

	Six Months Ended December 31, 2010	Six Months Ended December 31, 2011	% Change
	(dollars in thousands)		
General and administrative	$ 3,417	$ 10,084	195%
Percentage of revenues	9%	14%	
Headcount (at period end)	25	61	144%

General and administrative expenses increased $6.7 million primarily due to increased headcount of 144% from December 31, 2010 to December 31, 2011. Personnel-related expenses increased by $4.1 million, consisting of increased employee compensation, benefits and travel costs of $2.3 million and additional stock-based compensation of $1.8 million, as we added employees to support the growth of our business. Professional and outside service costs increased $1.6 million, comprised primarily of legal and accounting fees associated with our international expansion.

Interest and Other Income (Expense), net

	Six Months Ended December 31, 2010	2011	% Change
	(dollars in thousands)		
Interest and other income (expense), net	$ 289	$ (1,446)	NM
Percentage of revenues	1%	(2)%	

Interest and other income (expense), net primarily consists of foreign currency transaction gains and losses. The decrease of $1.7 million is primarily due to unrealized losses on amounts invoiced to customers that are denominated in British Pounds and Euros as the U.S. Dollar strengthened over the six months ended December 31, 2011 as compared to the six months ended December 31, 2010.

Provision for Income Taxes

	Six Months Ended December 31, 2010	2011	% Change
	(in thousands)		
Income before income taxes	$ 5,456	$ (5,609)	NM
Provision for income taxes	653	1,075	65%
Effective tax rate	12%	(19)%	

The provision for income taxes increased $0.4 million, primarily as a result of the increase in pre-tax income related to international operations and California taxes for the six months ended December 31, 2011 compared to the same period in the prior year. During the six months ended December 31, 2011, we recorded a provision for income taxes principally attributable to foreign taxes, U.S. federal taxes and California taxes.

We maintain a full valuation allowance on our federal and state deferred tax assets, and the significant components of the tax expense recorded are current cash taxes in various jurisdictions. Our cash tax expense is impacted by each jurisdiction's individual tax rates, laws on timing of recognition of income and deductions and availability of net operating losses and tax credits. In December 2011, we reorganized our international operations and established a holding company in Bermuda with our non-U.S. headquarters in the Netherlands, resulting in an effective tax rate lower than the U.S. federal statutory rate. Given the full valuation allowance, sensitivity of current cash taxes to local rules and our foreign restructuring, our effective tax rate fluctuates significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Comparison of Fiscal 2009, 2010 and 2011

Revenues

	Fiscal Year Ended June 30, 2009	2010	2011	2009 to 2010 % Change	2010 to 2011 % Change
	(dollars in thousands)				
Revenues:					
Subscription	$17,841	$40,078	$79,191	125%	98%
Professional services and other	1,474	3,251	13,450	121%	314%
Total revenues	$19,315	$43,329	$92,641	124%	114%
Percentage of revenues:					
Subscription	92%	92%	85%		
Professional services and other	8	8	15		
Total	100%	100%	100%		

Fiscal 2010 compared to fiscal 2011. Revenues increased $49.3 million, primarily due to the increase in subscription revenues of $39.1 million. Of the total increase in subscription revenues, 46% represented revenues from new customers acquired after June 30, 2010, and 54% represented revenues from existing customers at or prior to June 30, 2010. Our total customers increased 68% from June 30, 2010 to June 30, 2011. The average subscription revenues per customer increased 19% over this period primarily due to an increase in the number of subscriptions sold to existing customers.

Of the $39.1 million increase in subscription revenues for fiscal 2011, 13% represented revenues from channel partners and 87% represented sales to customers by our direct sales organization. Subscription revenues outside North America represented 25% of the $39.1 million total increase in subscription revenues and 75% represented subscription revenues in North America.

The increase in professional services and other revenues of $10.2 million was primarily due to the prospective adoption of new revenue accounting guidance resulting in an increase to professional services and other revenues of $5.5 million in fiscal 2011. The remaining increase of $4.7 million was attributable to the growth in our customer base. Revenues outside North America represented 17% of the $10.2 million total increase in professional services and other revenues. Revenues in North America represented 83% of the $10.2 million total increase in professional services and other revenues. The increase in subscription revenues outside North America was due primarily to increased adoption of our subscription service through sales from new channel partners and to a lesser extent sales by our existing channel partners and the expansion of our direct sales organization. During fiscal 2011, we opened additional sales and marketing offices in Australia and the Netherlands.

Fiscal 2009 compared to fiscal 2010. Revenues increased $24.0 million, primarily due to the increase in subscription revenues of $22.2 million. Of the total increase in subscription revenues 57% represented revenues from new customers acquired after June 30, 2009, and 43% represented revenues from existing customers at or prior to June 30, 2009. Our total customers increased by 64% from June 30, 2009 to June 30, 2010. The average subscription revenues per customer increased 41% over this period primarily due to an increase in the average number of subscriptions sold to new customers.

Of the $22.2 million increase in subscription revenues for fiscal 2010, 8% represented revenues from channel partners and 92% represented sales to customers by our direct sales organization. Subscription revenues outside North America represented 28% of the $22.2 million total increase in subscription revenues and 72% represented subscription revenues in North America. The increase in subscription revenues outside North America was due primarily to increased adoption of our subscription service through sales by our existing channel partners and to a lesser extent the addition of new channel partners and the expansion of our direct sales organization. During fiscal 2010, we opened an additional sales and marketing office in Germany, which did not account for a significant portion of increased revenues during the period.

The increase in professional services and other revenues of $1.8 million was primarily attributable to the growth in our customer base. Revenues outside North America represented 21% of the $1.8 million total increase in professional services and other revenues. Revenues in North America represented 79% of the $1.8 million total increase in professional services and other revenues.

Cost of Revenues and Gross Profit Percentage

	Fiscal Year Ended June 30, 2009	2010	2011	2009 to 2010 % Change	2010 to 2011 % Change
	(dollars in thousands)				
Cost of revenues:					
Subscription	$ 3,140	$ 6,378	$15,311	103%	140%
Professional services and other	4,711	9,812	16,264	108%	66%
Total cost of revenues	$ 7,851	$16,190	$31,575	106%	95%
Gross profit percentage:					
Subscription	82%	84%	81%		
Professional services and other	(220)	(202)	(21)		
Total gross profit percentage	59%	63%	66%		
Gross profit	$11,464	$27,139	$61,066	137%	125%
Headcount (at period end)	38	66	150	74%	127%

Fiscal 2010 compared to fiscal 2011. Cost of subscription revenues increased $8.9 million, resulting in a decrease from 84% to 81% in subscription gross profit percentage from June 30, 2010 to June 30, 2011. The overall increase in cost of subscription revenues was primarily attributable to increased personnel-related costs of $5.0 million, consisting of increased employee compensation, benefits and travel costs of $4.5 million and additional stock-based compensation of $0.5 million. Hosting fees for our network infrastructure increased $2.1 million as we increased data center capacity to support our growth. At June 30, 2011, we delivered our service from six data centers in North America and five data centers internationally compared to three data centers in the United States and five data centers internationally at June 30, 2010. Depreciation expense also increased $0.8 million as we started the transition of our network infrastructure from a managed service hosting model to a co-location model.

Cost of professional services and other revenues increased $6.5 million from June 30, 2010 to June 30, 2011. Our professional services and other gross profit percentage improved from (202)% to (21)% from June 30, 2010 to June 30, 2011, primarily due to increased revenues as a result of the prospective adoption of new revenue recognition accounting guidance. This guidance enabled us to recognize professional services revenues as the services are delivered. The overall increase in cost of professional services and other revenues was primarily attributable to increased employee compensation, benefits and travel costs of $3.1 million and increased outside services costs of $3.1 million primarily related to additional fees paid to third parties to provide implementation services.

Total headcount associated with cost of revenues increased 127% from June 30, 2010 to June 30, 2011 as we invested in additional resources to continue to support our subscription service and further develop our professional services group.

Fiscal 2009 compared to fiscal 2010. Our subscription gross profit percentage increased from 82% to 84% from June 30, 2009 to June 30, 2010, due to increased revenues of $22.2 million offset by an increase in the cost of subscription revenues of $3.2 million. The overall increase in cost of subscription revenues was primarily attributed to an increase in our hosting fees for our network infrastructure of $1.5 million as we increased data center capacity to support our growth. At June 30, 2010, we delivered our service from three data centers in North America and five data centers internationally, compared to three data centers in North America and two data centers internationally at June 30, 2009. Personnel-related costs increased $1.1 million, consisting of increased employee compensation, benefits and travel costs.

Our professional services and other gross profit percentage improved from (220)% to (202)% from June 30, 2009 to June 30, 2010, due to an increase in professional services and other revenues of $1.8 million offset by an increase in cost of professional services and other revenues of $5.1 million. The overall increase in cost of professional services and other revenues was primarily attributable to increased outside services costs of $3.2 million primarily related to additional fees paid to third parties to provide implementation services. In addition, personnel-related costs increased $1.5 million, consisting primarily of increased employee compensation, benefits and travel costs of $1.4 million. Total headcount associated with cost of revenues increased 74% from June 30, 2009 to June 30, 2010 as we invested in additional resources to continue to support our subscription service and further develop our professional services group.

Sales and Marketing

	Fiscal Year Ended June 30,			2009 to 2010	2010 to 2011
	2009	2010	2011	% Change	% Change
	(dollars in thousands)				
Sales and marketing	$8,499	$19,334	$34,123	127%	76%
Percentage of revenues	44%	45%	37%		
Headcount (at period end)	40	72	140	80%	94%

Fiscal 2010 compared to fiscal 2011. Sales and marketing expenses increased $14.8 million. Employee-related costs increased $13.3 million, consisting of increased employee compensation, benefits and travel costs in connection with our direct sales force of $11.5 million, increased commissions of $1.1 million, and an increase in stock-based compensation of $0.7 million, which was primarily driven by an increase in sales and marketing headcount of 94% from June 30, 2010 to June 30, 2011. In addition, we incurred an increase of $2.7 million in marketing and event costs primarily attributable to our annual Knowledge conference, which experienced a 107% increase in attendance year-over-year. Offsetting these increases was a decrease of $2.0 million in compensation expense related to the fiscal 2010 repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock. Please see Note 9 to our consolidated financial statements for further explanation of this transaction.

Fiscal 2009 compared to fiscal 2010. Sales and marketing expenses increased $10.8 million. Employee-related costs increased $7.6 million, consisting of increased employee compensation, benefits and travel costs in connection with our direct sales force of $4.7 million, increased commissions of $2.7 million, and an increase in stock-based compensation of $0.2 million, which was primarily driven by an increase in sales and marketing headcount of 80% from June 30, 2009 to June 30, 2010. In addition, fiscal 2010 included $2.0 million in compensation expense related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock. Marketing and event costs, primarily related to our Knowledge conference, increased $0.8 million.

Research and Development

	Fiscal Year Ended June 30,			2009 to 2010	2010 to 2011
	2009	2010	2011	% Change	% Change
	(dollars in thousands)				
Research and development	$2,433	$7,194	$7,004	196%	(3)%
Percentage of revenues	13%	17%	8%		
Headcount (at period end)	15	28	44	87%	57%

Fiscal 2010 compared to fiscal 2011. Research and development expenses decreased $0.2 million. Personnel-related costs increased $2.8 million, consisting of increased employee compensation, benefits and travel costs of $2.4 million and increased stock-based compensation of $0.4 million, which was primarily driven by an increase in research and development headcount of 57% from June 30, 2010 to June 30, 2011. In addition, outside services costs increased $0.4 million. Offsetting these increases was a decrease of $3.6 million in compensation expense related to the fiscal 2010 repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock.

Fiscal 2009 compared to fiscal 2010. Research and development expenses increased $4.8 million primarily due to $3.6 million in compensation expense related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock in fiscal 2010. In addition, personnel-related costs increased $1.1 million, primarily consisting of increased employee compensation, benefits and travel costs of $1.0 million, which was driven by an increase in research and development headcount of 87% from June 30, 2009 to June 30, 2010.

General and Administrative

	Fiscal Year Ended June 30,			2009 to 2010 %Change	2010 to 2011 %Change
	2009	2010	2011		
	(dollars in thousands)				
General and administrative	$6,363	$28,810	$9,379	353%	(67)%
Percentage of revenues	33%	66%	10%		
Headcount (at period end)	8	12	41	50%	242%

Fiscal 2010 compared to fiscal 2011. General and administrative expenses decreased $19.4 million. Personnel-related expenses increased $3.3 million, consisting of increased employee compensation, benefits and travel costs of $2.6 million and increased stock-based compensation of $0.7 million primarily driven by an increase in general and administrative headcount of 242% from June 30, 2010 to June 30, 2011. Professional and outside service costs, comprised primarily of legal and accounting and auditing fees, increased $1.1 million. Offsetting these increases was a decrease of $24.5 million in compensation expense related to the fiscal 2010 repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock.

Fiscal 2009 compared to fiscal 2010. General and administrative expenses increased $22.4 million primarily due to $24.5 million in compensation expense related to the repurchase of shares from eligible stockholders in connection with our sale and issuance of Series D preferred stock in fiscal 2010. The effects of the sale and issuance of Series D preferred stock were partially offset by a decrease of $3.8 million in compensation expense related to the fiscal 2009 stock settlement of an outstanding promissory note in connection with the sale and issuance of Series C preferred stock. Please see Note 9 to our consolidated financial statements for further discussion of these transactions. In addition, general and administrative expenses increased $1.7 million primarily due to an increase in general and administrative headcount of 50% from June 30, 2009 to June 30, 2010. Personnel-related expenses increased by $0.8 million, consisting of increased employee compensation, benefits and travel costs of $0.7 million and increased stock-based compensation of $0.1 million. Professional and outside service costs, comprised mostly of legal and accounting and auditing fees, accounted for $0.6 million of the increase.

Interest and Other Income (Expense), net

	Fiscal Year Ended June 30,			2009 to 2010 %Change	2010 to 2011 %Change
	2009	2010	2011		
	(dollars in thousands)				
Interest and other income (expense), net	$ (27)	$(1,226)	$ 606	NM	NM
Percentage of revenues	—%	(3)%	1%		

Fiscal 2010 compared to fiscal 2011. The increase in interest and other income (expense), net of $1.8 million is due to losses on foreign currency transactions of $0.6 million during fiscal 2011 as compared to realized and unrealized gains of $0.5 million during fiscal 2010. Additionally, during fiscal 2010, we marked to market our preferred stock warrants and revalued them upon settlement as part of the sale and issuance of Series D preferred stock, resulting in additional expense of $0.7 million.

Fiscal 2009 compared to fiscal 2010. The decrease in interest and other income (expense), net of $1.2 million is due to additional realized and unrealized losses on foreign currency transactions of $0.5 million coupled with the revaluation of our preferred stock warrants upon settlement resulting in a decrease of $0.7 million.

Provision for Income Taxes

	Fiscal Year Ended June 30, 2009	2010	2011	2009 to 2010 % Change	2010 to 2011 % Change
	(dollars in thousands)				
Income before income taxes	$(5,858)	$(29,425)	$11,166	NM	NM
Provision for income taxes	48	280	1,336	483%	377%
Effective tax rate	(1)%	(1)%	12%		

Fiscal 2010 compared to fiscal 2011. The provision for income taxes increased $1.1 million primarily as a result of the increase in pre-tax income related to international operations and California taxes.

Fiscal 2009 compared to fiscal 2010. The provision for income taxes increased $0.2 million primarily as a result of international operations.

We maintain a full valuation allowance on our U.S. federal and state deferred tax assets, and the significant components of the tax expense recorded are current cash taxes in various jurisdictions. Our cash tax expense is impacted by each jurisdiction's individual tax rates, laws on timing of recognition of income and deductions and availability of net operating losses and tax credits. Given the full valuation allowance and sensitivity of current cash taxes to local rules, our effective tax rate fluctuates significantly on an annual basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations data and our unaudited consolidated statements of operations data as a percentage of total revenues for each of the seven quarters in the period ended March 31, 2012. We have prepared the quarterly data on a consistent basis with the audited consolidated financial statements included in this prospectus. In the opinion of management, the financial information reflects all necessary adjustments, consisting of normal recurring adjustments, necessary for a fair statement of this data. This information should be read in conjunction with the audited consolidated financial statements and related noted included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for a full year or any future periods.

	For the Three Months Ended						
	Sep 30, 2010	Dec 31, 2010	March 30, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	March 31, 2012
	(in thousands)						
Revenues:							
Subscription	$ 14,816	$ 18,375	$ 21,224	$ 24,776	$ 30,331	$ 34,555	$ 39,541
Professional services and other	1,773	2,980	3,988	4,709	3,866	4,623	7,890
Total revenues	16,589	21,355	25,212	29,485	34,197	39,178	47,431
Cost of revenues(1):							
Subscription	2,711	3,385	4,451	4,764	6,323	8,750	11,012
Professional services and other	2,653	4,125	4,763	4,723	5,609	7,241	10,224
Total cost of revenues	5,364	7,510	9,214	9,487	11,932	15,991	21,236
Gross profit	11,225	13,845	15,998	19,998	22,265	23,187	26,195
Operating expenses(1):							
Sales and marketing	6,433	7,295	8,309	12,086	13,980	18,521	19,307
Research and development	1,237	1,521	1,885	2,361	2,757	4,273	6,043
General and administrative	1,453	1,964	2,680	3,282	4,509	5,575	6,427
Total operating expenses	9,123	10,780	12,874	17,729	21,246	28,369	31,777
Income (loss) from operations	2,102	3,065	3,124	2,269	1,019	(5,182)	(5,582)
Interest and other income (expense), net	320	(31)	252	65	(729)	(717)	492
Income (loss) before provision for income taxes	2,422	3,034	3,376	2,334	290	(5,899)	(5,090)
Provision for income taxes	290	363	385	298	169	906	550
Net income (loss)	$ 2,132	$ 2,671	$ 2,991	$ 2,036	$ 121	$ (6,805)	$ (5,640)

(1) Stock-based compensation included in the statements of operations above was as follows:

	For the Three Months Ended						
	Sep 30, 2010	Dec 31, 2010	March 30, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	March 31, 2012
Cost of revenues:							
Subscription	$ 97	$ 128	$ 156	$ 167	$ 201	$ 473	$ 532
Professional services and other	15	22	38	42	71	122	192
Sales and marketing	192	239	288	285	800	1,210	1,471
Research and development	95	112	143	118	263	441	661
General and administrative	134	87	130	466	1,056	1,000	1,062

	For the Three Months Ended						
	Sep 30, 2010	Dec 31, 2010	March 31, 2011	June 30, 2011	Sep 30, 2011	Dec 31, 2011	March 31, 2012
	(as a percentage of revenues)						
Revenues:							
Subscription	89%	86%	84%	84%	89%	88%	83%
Professional services and other	11	14	16	16	11	12	17
Total revenues	100	100	100	100	100	100	100
Cost of revenues:							
Subscription	16	16	18	16	18	22	23
Professional services and other	16	19	19	16	17	19	22
Total cost of revenues	32	35	37	32	35	41	45
Gross profit	68	65	63	68	65	59	55
Operating expenses:							
Sales and marketing	39	34	33	41	41	47	41
Research and development	7	7	7	8	8	11	13
General and administrative	9	9	11	11	13	14	13
Total operating expenses	55	50	51	60	62	72	67
Income (loss) from operations	13	15	12	8	3	(13)	(12)
Interest and other income (expense), net	2	—	1	—	(2)	(2)	1
Income (loss) before provision for income taxes	15	15	13	8	1	(15)	(11)
Provision for income taxes	2	2	1	1	—	(2)	1
Net income (loss)	13%	13%	12%	7%	1%	(17%)	(12%)

Seasonality, Cyclicality and Quarterly Trends

We have historically experienced seasonality in terms of when we enter into customer agreements for our service. We sign a significantly higher percentage of agreements with new customers, as well as renewal agreements with existing customers, in the quarters ended June 30 and December 31. The increase in customer agreements for the quarters ended June 30 is primarily as a result of the historical terms of our commission plans to incentivize our direct sales force to meet their quotas by the end of the fiscal year. The increase in customer agreements for the quarter ended December 31 can be attributed to large enterprise account buying patterns typical in the software industry. Furthermore, we usually sign a significant portion of these agreements during the last month, and often the last two weeks, of each quarter. This seasonality is reflected to a much lesser extent, and sometimes is not immediately apparent, in our revenues, due to the fact that we recognize subscription revenues over the term of the license agreement, which is generally 12 to 36 months. As a result of the change in our fiscal year end from June 30 to December 31 and changes to our commission plans to provide for earlier incentives, we may not see the same increase in new customer agreements for future quarters ended June 30. Although these seasonal factors are common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Our revenues have increased over the periods presented due to increased sales to new customers, as well as upsells to existing customers. Our operating expenses have increased sequentially in every quarter primarily due to increases in headcount and other related expenses to support our growth. We anticipate these expenses will continue to increase in future periods as we continue to focus on investing in the long-term growth of our business.

In the quarters ended September 30, 2011, December 31, 2011 and March 31, 2012, we accelerated investments in our headcount and operations to drive our future growth. As a result, we generated a net loss in the quarter ended March 31, 2012 despite significant revenue growth in the period.

Liquidity and Capital Resources

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
	(in thousands)						
Net cash provided by (used in) operating activities	$ 160	$ (7,532)	$37,468	$10,711	$13,220	$14,086	$ 16,079
Net cash used in investing activities	(851)	(1,455)	(8,383)	(1,857)	(7,959)	(3,676)	(23,894)
Net cash provided by financing activities	3,701	30,672	1,227	222	2,154	565	19,927
Net increase in cash and cash equivalents, net of impact of exchange rates on cash	3,016	21,614	30,451	9,055	8,235	11,216	12,052

To date, we have funded our business primarily with cash flows from operating activities. At March 31, 2012, we had $80.1 million in cash and cash equivalents, of which $3.2 million represented cash located overseas. We also had $15.3 million in short-term investments consisting of commercial paper, corporate debt securities and U.S. government agency securities.

Our historical cash flows from operating activities have been significantly impacted by customer billings and payment terms, as well as operating expenses related to sales and marketing, our cloud infrastructure, professional services, and research and development.

Based on our current level of operations and anticipated growth, we believe our current cash and cash equivalents and cash flows from operating activities will be sufficient to fund our operating needs for at least the next 12 months, barring unforeseen circumstances.

Our primary short-term needs for cash, which are subject to change, include expenditures related to the growth of our cloud infrastructure, including the addition and expansion of data centers, and the acquisition of fixed assets for use in our current and future data centers. We made capital expenditures of $3.1 million in the three months ended March 31, 2012 and anticipate making capital expenditures of approximately $22 million during the remainder of fiscal 2012.

Our short-term needs for cash also include expenditures related to:

- the growth of our sales and marketing and professional services efforts;
- support of our sales and marketing efforts related to our current and future services and applications, including expansion of our direct sales force and support resources both in the United States and abroad;
- the continued advancement of research and development; and
- the expansion needs of our facilities, including costs of leasing additional facilities.

To the extent existing cash and cash equivalents and cash from operations are not sufficient to fund our future activities, we may need to raise additional funds. Although we are not currently a party to any agreement or letter of intent with respect to potential investments in, or acquisitions of, complementary businesses, services or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity financing or use our cash resources. We have no present understandings, commitments or agreements to enter into any such acquisitions.

Depending on certain growth opportunities, we may choose to accelerate investments in sales and marketing, cloud infrastructure, professional services, and research and development, which may require the use of proceeds from our initial public offering.

Operating Activities

Net cash provided by operating activities in the three months ended March 31, 2012 reflected our net loss of $5.6 million, adjusted by non-cash charges including $3.9 million for stock-based compensation, $2.3 million for the amortization of deferred commissions and $2.0 million for depreciation, and changes in our working capital. The fluctuations in our working capital were primarily attributed to an increase of $11.0 million in deferred revenue and a decrease of $4.2 million in prepaid expenses and other current assets, partially offset by a $5.3 million increase in deferred commissions. The increases in deferred revenue and deferred commissions were primarily due to increased sales in the three months ended March 31, 2012. The decrease in prepaid expenses and other current assets was due to the settlement of Frederic B. Luddy’s outstanding receivable for withholding taxes associated with the sale of Series C and Series D preferred stock.

Net cash provided by operating activities in the three months ended March 31, 2011 reflected our net income of $3.0 million and changes in our working capital. The fluctuations in our working capital were primarily attributed to a $14.4 million increase in deferred revenue, a $2.7 million increase in deferred rent, and a $2.6 million increase in accrued liabilities, partially offset by an $8.5 million increase in accounts receivable. The increase in deferred revenue and accounts receivable was primarily due to increased sales. The increase in deferred rent and accrued liabilities was primarily due to the growth of our business and the resulting move of our San Diego headquarters to a new building during the period.

Net cash provided by operating activities in the six months ended December 31, 2011 reflected our net loss of $6.7 million, adjusted by non-cash charges including $5.6 million for stock-based compensation, $3.5 million for amortization of deferred commissions and $2.0 million for depreciation, and changes in our working capital. The fluctuations in our working capital were primarily attributed to a $30.0 million increase in deferred revenue and a $6.9 million increase in accrued liabilities, partially offset by a $20.4 million increase in accounts receivable and an $8.3 million increase in deferred commissions. The increase in deferred revenue, accounts receivable and deferred commissions was primarily due to increased sales. Our sales and marketing headcount increased 73% during the six months ended December 31, 2011. The increase in accrued liabilities was due to the growth in our business and increased headcount.

Net cash provided by operating activities in the six months ended December 31, 2010 reflected our net income of $4.8 million and changes in our working capital. The fluctuations in our working capital were primarily attributed to a $12.6 million increase in deferred revenue, partially offset by a $7.6 million increase in accounts receivable. The increase in deferred revenue and accounts receivable was primarily due to increased sales.

Net cash provided by operating activities in fiscal 2011 reflected our net income of $9.8 million, adjusted by non-cash charges including $4.0 million for the amortization of deferred commissions and $3.0 million for stock-based compensation, and changes in our working capital. The fluctuations in our working capital were primarily attributed to a $33.9 million increase in deferred revenue, a $5.4 million increase in accrued liabilities and a $3.2 million increase in deferred rent, partially offset by a $14.8 million increase in accounts receivable and a $5.6 million increase in deferred commissions. The increase in deferred revenue, accounts receivable and deferred commissions was primarily due to increased sales in fiscal 2011. The increase in accrued liabilities and deferred rent was primarily due to the growth of our business and the resulting move of our San Diego headquarters to a new building during the period.

Net cash used in operating activities in fiscal 2010 reflected our net loss of $29.7 million, which included non-cash compensation expense of $30.8 million related to the premium paid to eligible stockholders for the repurchase of common stock in connection with the sale of Series D preferred stock, and the changes in our working capital. The fluctuations in our working capital were primarily attributed to a $24.0 million increase in deferred revenue and an $8.9 million increase in accrued liabilities, partially offset by a $5.3 million increase in deferred commissions, a $5.2 million increase in accounts receivable and a $4.9 million increase in prepaid expenses and other current assets. The increase in accrued liabilities included $4.5 million in withholding taxes associated with the repurchase of Frederic B. Luddy's shares as part of the sale and issuance Series D preferred stock, with a corresponding offset of $4.5 million for Mr. Luddy's receivable in prepaid expenses and other current assets. The remaining increase to accrued liabilities was due to the increase in headcount.

Net cash provided by operating activities in fiscal 2009 reflected our net loss of $5.9 million, which included non-cash compensation expense of $3.8 million related to the premium paid to Mr. Luddy for the repurchase of common stock in connection with the sale of Series C preferred stock, and the changes in our working capital. The fluctuations in our working capital were primarily attributed to a $7.0 million increase in deferred revenue and a $2.4 million increase in accrued liabilities, partially offset by a $2.0 million increase in accounts receivable and a $1.7 million increase in deferred commissions. The increase in accrued liabilities included $0.7 million in withholding taxes associated with the repurchase of Mr. Luddy's shares as part of the sale and issuance Series C preferred stock, with a corresponding offset of $0.7 million for Mr. Luddy's receivable in prepaid expenses and other current assets.

Investing Activities

In the three months ended March 31, 2012, cash used in investing activities was primarily attributable to the purchase of $15.3 million in short-term investments and cash paid for capital expenditures of $8.6 million primarily related to the purchase of servers, networking equipment and storage infrastructure to support the expansion of our data centers.

In the three months ended March 31, 2011, the six months ended December 31, 2011 and 2010, and fiscal 2011, 2010 and 2009, our investing activities primarily consisted of capital expenditures related to the purchase of servers, networking equipment and storage infrastructure to support the expansion of our data centers and tenant improvements associated with the growth of our office facilities.

Financing Activities

Our financing activities have primarily consisted of equity issuances, including excess tax benefits from stock award activities.

In the three months ended March 31, 2012, cash provided by financing activities primarily consisted of $17.9 million in gross proceeds from the issuance of 1,750,980 shares of common stock at a price of $10.20 per share through a private placement with a new stockholder and $1.3 million in proceeds from the issuance of common stock through the exercise of employee stock options.

In the three months ended March 31, 2011, we had no significant financing activities.

In the six months ended December 31, 2011, cash provided by financing activities primarily consisted of $2.1 million in proceeds from the issuance of common stock through the exercise of employee stock options.

In the six months ended December 31, 2010, we had no significant financing activities.

In fiscal 2011, cash provided by financing activities primarily consisted of $1.1 million in proceeds from the issuance of common stock through the exercise of employee stock options.

In fiscal 2010, we received net proceeds of $51.2 million from the sale and issuance of Series D preferred stock, which was used to repurchase and subsequently cancel shares of common stock from eligible stockholders and warrants to purchase Series B preferred stock from a warrant holder.

In fiscal 2009, we received net proceeds of $5.9 million from the issuance of Series C preferred stock, which was used to repurchase and subsequently cancel shares of common stock from Frederic B. Luddy.

We may continue to raise additional funds through private sales of our equity securities.

Contractual Obligations and Commitments

Contractual obligations represent future cash commitments and liabilities under agreements with third parties, and exclude orders for goods and services entered into in the normal course of business that are not enforceable or legally binding. The following table represents our contractual obligations as of December 31, 2011, aggregated by type:

	Payments Due by Period[1]				
Contractual Obligations	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
	(in thousands)				
Operating leases:					
Data centers[2]	$20,338	$ 8,284	$11,857	$ 197	$ —
Facilities space[3]	14,439	2,795	4,656	3,385	3,603
Total operating leases	$34,777	$11,079	$16,513	$3,582	$3,603

(1) Excluded from the table is our liability recorded for uncertain tax positions of $0.5 million, excluding interest and penalties, at December 31, 2011.
(2) Operating leases for data centers represent our principal commitment for co-location facilities for data center capacity.
(3) Operating leases for facilities space represents our principal commitments, which consists of obligations under leases for office space.

In February 2012, we signed a 94,543 square-foot building lease located in San Diego, California, with total lease consideration of approximately $13.7 million. The commencement date of the lease is July 1, 2012 for a period of eight years.

In April 2012, we signed a lease for 28,924 square feet of office space located in San Jose, California with total lease consideration of approximately $1.6 million. We anticipate making significant capital expenditures in the future to support the growth of our business, including additional expansions to our current and future data centers and the continued expansion of our offices and infrastructure.

Off-Balance Sheet Arrangements

During fiscal 2009, 2010, 2011, the six months ended December 31, 2011 and the three months ended March 31, 2012, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our consolidated financial statements, we believe that the following accounting policies are critical to the process of making significant judgments and estimates in the preparation of our audited consolidated financial statements.

Revenue Recognition

We commence revenue recognition when all of the following conditions are met:

- There is persuasive evidence of an arrangement;
- The service has been provided to the customer;
- The collection of related fees is reasonably assured; and
- The amount of fees to be paid by the customer is fixed or determinable.

Signed agreements are used as evidence of an arrangement. If a signed contract by the customer does not exist, we have historically used either a purchase order or a signed order form as evidence of an arrangement. In cases where both a signed contract and either a purchase order or signed order form exist, we consider the signed contract to be the final persuasive evidence of an arrangement.

Subscription revenues are recognized ratably over the contract term beginning on the commencement date of each contract, which is the date we make our service available to our customers. Once our service is available to customers, amounts that have been invoiced are recorded in accounts receivable and in deferred revenue. The majority of our professional services are priced on a fixed-fee basis. A limited number of our professional services are priced on a time-and-materials basis. Professional services and other revenues are recognized as the services are delivered using a proportional performance model. Such services are delivered over a short period of time. In instances where final acceptance of the services are required before revenues are recognized, revenues and the associated costs are deferred until all acceptance criteria have been met.

We assess collectibility based on a number of factors such as past collection history with the customer and creditworthiness of the customer. If we determine collectibility is not reasonably assured, we defer the revenue recognition until collectibility becomes reasonably assured. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. Our arrangements do not include general rights of return.

We have multiple element arrangements comprised of subscription fees and professional services. In October 2009, the Financial Accounting Standards Board, or FASB, ratified authoritative accounting guidance regarding revenue recognition for arrangements with multiple deliverables effective for fiscal periods beginning on or after June 15, 2010. The guidance affects the determination of separate units of accounting in arrangements with multiple deliverables and the allocation of transaction consideration to each of the identified units of accounting. Previously, a delivered item was considered a separate unit of accounting when (i) it had value to the customer on a stand-alone basis, (ii) there was objective and reliable evidence of the fair value of the undelivered items, and (iii) there was no general right of return relative to the delivered services or the performance of the undelivered services was probable and substantially controlled by the vendor. The new guidance eliminates the requirement for objective and reliable evidence of fair value to exist for the undelivered items in order for a delivered item to be treated as a separate unit of accounting. The guidance also requires arrangement consideration to be allocated at the inception of the arrangement to all deliverables using the relative-selling-price method and eliminates the use of the residual method of allocation. Under the relative-selling-price method, the selling price for each deliverable is determined using vendor-specific objective evidence, or VSOE, of selling price or third-party evidence, or TPE, of selling price if VSOE does not exist. If neither VSOE nor TPE of selling price exists for a deliverable, the guidance requires an entity to determine the best estimate of selling price, or BESP.

Prior to the adoption of this authoritative accounting guidance, we did not have objective and reliable evidence of fair value for the items in our multiple element arrangements. As a result, we accounted for subscription and professional services revenues as one unit of account. Because both the subscription service and the professional services represent separate activities that are priced independently, we recognized total contracted revenues ratably over the contracted term of the subscription agreement.

We adopted the new guidance on a prospective basis for fiscal 2011. As a result, this guidance was applied to all revenue arrangements entered into or materially modified since July 1, 2010. Upon adoption of this authoritative accounting guidance, we have accounted for subscription and professional services revenues as separate units of accounting. To qualify as a separate unit of accounting, the delivered item must have value to the customer on a standalone basis. Our subscription service has standalone value because it is routinely sold separately by us. In determining whether professional services have standalone value, we consider the following factors for each professional services agreement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date and the contractual dependence of the subscription service on the customer’s satisfaction with the professional services work. Our professional services, including implementation and configuration services, are not so unique and complex that other vendors cannot provide them. In some instances, our customers independently contract with third-party vendors to do the implementation and we regularly outsource implementation services to contracted third-party vendors. As a result, we concluded that professional services including implementation and configuration services have standalone value. Our on-demand application is fully functional without any additional development, modification or customization. We provide customers access to our subscription service at the beginning of the contract term.

We determine the selling price of each deliverable in the arrangement based on the selling price hierarchy. The selling price for each unit of account is based on the BESP since VSOE and TPE are not available for our subscription service or professional services and other. The BESP for each deliverable is determined primarily by considering the historical selling price of these deliverables in similar transactions as well as other factors, including, but not limited to, market competition, review of stand-alone sales and pricing practices. The total arrangement fee for these multiple element arrangements is then allocated to the separate units of account based on the relative selling price. The method used to determine the BESP for our subscription service is consistent with the method used to determine prices for our services that are sold regularly on a standalone basis. In determining the appropriate pricing structure, we consider the extent of competitive pricing of similar products, marketing analyses and other feedback from analysts. We price our subscription service based on the number of users with a defined process role, according to a tiered structure. The BESP for our subscription service is based upon the historical selling price of these deliverables. Historically, our professional services were priced on a fixed-fee basis as a percentage of the subscription fee. We also prepared a standard build-up cost analysis to estimate the fixed fee for our professional services based on the estimated level of effort to complete the professional services. If professional services were priced below the expected range due to discounting, fees allocated to professional services were limited to the amount that is not contingent upon the delivery of our subscription service. In December 2011, we began shifting our pricing model to a time-and-materials basis.

In limited circumstances, we grant certain customers the right to deploy our subscription service on their own servers without significantly penalty. We have analyzed all of the elements in our multiple element arrangements and determined that we do not have sufficient VSOE of fair value to allocate revenue to our subscription service and professional services. We defer all revenue under the arrangement until the commencement of the subscription service and any associated professional services. Once the subscription service and the associated professional services have commenced, the entire fee from the arrangement is recognized ratably over the remaining period of the arrangement.

Deferred Commissions

We defer expenses associated with commission payments to our direct sales force and referral fees paid to independent third-parties. The commissions are deferred and amortized to sales expense over the non-cancelable terms of the related contracts with our customers. The commission payments, which are paid in full the month after the customer's service commences, are a direct and incremental cost of the revenue arrangements. The deferred commission amounts are recoverable through the future revenue streams under the non-cancelable customer contracts. We believe this is preferable to expensing sales commissions as incurred because the commission charges are so closely related to revenues they should be recorded as an asset and charged to expense over the same period the revenues are recognized. Additionally, we believe this policy election enhances the comparability of our consolidated financial statements to those of other companies in our industry.

Stock-Based Compensation

We measure compensation expense for all stock-based payments made to employees and directors based on the fair value of the award as of the date of grant. The expense is recognized, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. We estimate forfeitures based upon our historical experience. At each period end, we review the estimated forfeiture rate and make changes as factors affecting the forfeiture rate calculations and assumptions change.

We use the Black-Scholes option-pricing model to determine the fair value of our stock-based awards. The following assumptions were used for each respective period to calculate our stock-based compensation:

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
Expected volatility	69% - 75%	65%	50% - 69%	57% - 67%	56% - 69%	60% - 69%	55% - 57%
Expected term (in years)	5.62	6.02	6.05	6.04	5.75	6.00	6.04
Risk-free interest rate	1.48% - 3.77%	2.57% - 3.04%	1.43% - 2.96%	1.43% - 2.96%	0% - 1.92%	2.30% - 2.67%	0.99% - 1.18%
Dividend yield	—%	—%	—%	—%	—%	—%	—%

Determining the fair value under this model requires the use of inputs that are subjective and generally require significant analysis and judgment to develop. These inputs include the fair value of our common stock, expected volatility, expected term, risk-free interest rate, and expected dividend yield, which are estimated as follows:

- *Fair value of our common stock*: Because our stock is not publicly traded, we must estimate the fair value of our common stock, as discussed in "—Common Stock Valuations" below.
- *Expected volatility*: We use the historic volatility of publicly traded peer companies as an estimate for our expected volatility. In considering peer companies, we assess characteristics such as industry, stage of development, size, and financial leverage. For each period, the peer group of publicly traded companies used to determine expected volatility was the same as the peer group used to determine the fair value of our common stock.
- *Expected term*: We estimate the expected term using the simplified method due to the lack of historical exercise activity for our company. The simplified method calculates the expected term as the mid-point between the vesting date and the contractual expiration date of the award.
- *Risk-free interest rate*: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the stock-based award.

- *Dividend yield*: Our expected dividend yield is zero, as we have not and do not currently intend to declare dividends in the foreseeable future.

If any assumptions used in the Black-Scholes model change significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

Common Stock Valuations

The fair value of the common stock underlying our stock options was determined by our board of directors, which intended all options granted to be exercisable at a price per share not less than the per share fair value of our common stock underlying those options on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the *American Institute of Certified Public Accountants Practice Aid*, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The assumptions we use in the valuation model are based on future expectations combined with management judgment. In the absence of a public trading market, our board of directors with input from management exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our common stock as of the date of each option grant, including the following factors:

- contemporaneous independent valuations performed at periodic intervals;
- the prices, rights, preferences and privileges of our convertible preferred stock relative to the common stock;
- recent sales of our common stock;
- our operating and financial performance and forecast;
- current business conditions;
- the hiring of key personnel;
- our stage of development;
- the likelihood of achieving a liquidity event for the shares of common stock underlying these stock options, such as an initial public offering or sale of our company, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability for our common stock;
- the market performance of comparable publicly traded technology companies;
- mergers and acquisition activity in our industry; and
- the U.S. and global capital market conditions.

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The following table summarizes, by grant date, information regarding shares of common stock subject to stock options and RSUs granted from July 1, 2010:

Grant Date	Number of Shares Underlying Options	Exercise Price Per Share	Common Stock Fair Value Per Share on Date of Grant	Number of Shares Underlying RSUs
July 2010	4,646,000	$ 1.50	$ 1.50	—
October 2010	1,510,000	1.88	1.88	—
February 2011	1,578,000	2.20	2.20	—
March 2011	100,000	2.20	2.20	—
May 2011	7,568,456	2.60	2.60	—
July 2011	5,700,128	3.00	3.75	—
August 2011	3,438,044	3.00	3.75	—
September 2011	2,977,948	3.00	3.75	—
October 2011	1,151,000	3.00	3.75	—
November 2011	2,119,000	4.00	4.30	—
December 2011	1,669,000	4.65	5.00	—
January 2012	796,500	6.50	6.50	—
February 2012	1,500,750	9.40	9.40	—
March 2012	662,250	10.35	10.35	1,000,000
April 2012	793,000	11.00	11.00	—
May 2012	799,750	12.45	12.45	—
June 2012	1,301,500	16.00	16.00	30,644

Based upon the assumed initial public offering price of $16.00 per share, the aggregate intrinsic value of awards outstanding as of June 14, 2012 was $468.9 million, of which $131.1 million related to vested awards and $337.8 million related to unvested awards.

In order to determine the fair value of our common stock underlying award grants, we considered contemporaneous valuations of our stock. We utilize the probability weighted expected return method, or PWERM, approach to allocate value to our common shares. The PWERM approach employs various market approach and income approach calculations depending upon the likelihood of various liquidation scenarios. For each of the various scenarios, an equity value is estimated and the rights and preferences for each stockholder class are considered to allocate the equity value to common shares. The common share value is then multiplied by a discount factor reflecting the calculated discount rate and the timing of the event. Lastly, the common share value is multiplied by an estimated probability for each scenario. The probability and timing of each scenario are based upon discussions between our board of directors and our management team. Under the PWERM, the value of our common stock is based upon four possible future events for our company:

- initial public offering, or an IPO;
- strategic merger or sale;
- remaining a private company; and
- dissolution.

The market approach uses similar companies or transactions in the marketplace. We utilized the guideline company method of the market approach for determining the fair value of our common stock under the initial public offering scenario. We identified companies similar to our business and used these guideline companies to develop relevant market multiples and ratios. We selected the peer group of companies based on their size, business model, industry, business description and developmental stage. While we believe that our proprietary platform to automate enterprise IT operations that we provide to our customers differentiates us from other software companies, we selected this peer group from publicly traded companies that are similarly viewed as being in the information technology industry and offering their services under a SaaS business model. We then applied these market multiples and ratios to our financial forecasts to create an indication of total equity value. Under the strategic merger or sale scenario, we utilized the guideline company method and the guideline transaction method of the market approach to determine the fair value of the common stock. The guideline transaction method compares the operating results and market value of the equity or invested capital of acquired companies similar to our business. The income approach, which we utilize to assess fair value of the common stock under the assumption we remain a private company, is an estimate of the present value of the future monetary benefits generated by an investment in that asset. Specifically, debt free cash flows and the estimated terminal value are discounted at an appropriate risk-adjusted discount rate to estimate the total invested capital value of the entity. Under the dissolution scenario, we assumed no value remained to be allocated to our common stockholders. We continually reviewed and updated the selection of companies in the peer group of publicly traded companies to better reflect the size and developmental stage of our company and to account for the acquisition of certain of the peer companies.

Significant factors considered by our board of directors in determining the fair value of our common stock at these grant dates include:

July 2010. The United States economy and the financial markets were continuing to recover from the global financial crisis that began in 2008 and continued in 2009. Because our service offered a cost effective alternative to legacy IT management products in a period where companies were looking to cut budgets, we continued to experience significant increases in revenue growth. We performed a contemporaneous valuation of our common stock and determined the fair value to be $1.50 per share. The valuation reflected a 35% probability of an IPO, 30% probability of a strategic merger or sale, 30% probability of remaining a private company, and 5% probability of dissolution. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $1.50 per share. The valuation used a risk-adjusted discount rate of 30.0% and a non-marketability discount of 15%.

October 2010. The United States economy and the financial markets continued to recover during the quarter. Consistent with our projections, revenues increased 14% during the quarter ended September 30, 2010 when compared to the prior quarter ended June 30, 2010. In addition, headcount increased 23% from June 30, 2010 to September 30, 2010 due to our continued focus on growth. We performed a contemporaneous valuation of our common stock and determined the fair value to be $1.88 per share as of September 30, 2010. The valuation continued to reflect a 35% probability of an IPO, 30% probability of a strategic merger or sale, 30% probability of remaining a private company, and 5% probability of dissolution. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $1.88 per share. The valuation used a risk-adjusted discount rate of 30.0% and a non-marketability discount of 20%.

February 2011 and March 2011. The United States economy and the financial markets continued to recover. During the quarter ended December 31, 2010, revenues and headcount increased 29% and 14%, respectively, from September 30, 2010 to December 31, 2010. Our board of directors commenced the search for a new Chief Executive Officer and we added two independent board members to our board of directors. We performed a contemporaneous valuation of our common stock and determined the fair value to be $2.20 per share as of February 4, 2011. The valuation continued to reflect a 35% probability of an IPO, 30% probability of a strategic merger, 30% probability of remaining a private company, and 5% probability of dissolution. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $2.20 per share in February and March 2011. The valuation used a risk-adjusted discount rate of 32.5% and a non-marketability discount of 20%.

May 2011. The United States economy and the financial markets continued to recover. Consistent with prior quarters, we experienced sequential growth during the quarter ended March 31, 2011 as shown by the increase in revenues and headcount of 18% and 21%, respectively, from December 31, 2010 to March 31, 2011. Additionally, we hired a new Chief Executive Officer in early May 2011 who had experience with high growth companies in order to significantly expand our operations and build an infrastructure capable of meeting this growth. We performed a contemporaneous valuation of our common stock and determined the fair value to be $2.60 per share as of May 6, 2011. The probability weightings of the various scenarios were adjusted from prior valuations to 40% probability of an IPO and 60% probability of a strategic merger or sale. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 5.7x, which was between the minimum and the lower quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 5.2x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $2.60 per share. The increase in our common stock valuation between March 2011 and May 2011 can be attributed primarily to improved market conditions and a shorter time to an expected liquidity event than was anticipated in March 2011. The valuation used a risk-adjusted discount rate of 23.4% and a non-marketability discount of 15%.

July 2011. The United States economy and the financial markets began to experience volatilities related to certain global financial uncertainties. During the quarter ended June 30, 2011, our revenues increased 17%, compared to the prior quarter, as customers continued to view our service as a cost effective alternative to legacy IT management products. In addition, headcount increased 24% from March 31, 2011 to June 30, 2011. In addition, by July 2011, our new Chief Executive Officer had begun to develop his initial evaluation of our operations, management and prospects. Based on this evaluation, we determined to focus on long-term growth as an independent company, which would likely include an initial public offering, and de-emphasize pursuit of a strategic acquisition. We also identified a number of operational, infrastructure and process risks to our success in implementing that new focus, and changes that we would need to make in order to reduce these risks. We performed a contemporaneous valuation of our common stock and determined the fair value to be $3.00 per share as of July 22, 2011. The probability weightings of the various scenarios were 55% probability of an IPO, 15% probability of a strategic merger or sale, and 30% probability of remaining a private company. The median peer group revenue multiple declined from 9.9x in May 2011 to 8.3x in July 2011. This decline was representative of the general decline in the valuations of the peer group companies during this period. Our board of directors carefully considered the decline in the valuation of the peer group companies during this period. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 6.1x, which was between the lower quartile and the median of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 6.7x, which exceeded the maximum private company transaction multiple and was between the mean and the upper quartile transaction multiples for the public company transactions. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $3.00 per share. In connection with the preparation of our December 31, 2011 financial statements, we revised the valuation analysis of our common stock as of July 22, 2011 for changes to certain assumptions, primarily related to the selected discount rate, comparable companies and terminal value, and determined the fair value to be $3.75 per share for financial accounting and reporting purposes for these grants. The increase in our common stock valuation between May 2011 and July 2011 can be attributed primarily to our continued growth, strong financial performance and the addition of several new executives to the management team, despite the unfavorable market conditions encountered during this period. The revised valuation used a risk-adjusted discount rate of 24.0% and a non-marketability discount of 15%.

August 2011, September 2011, and October 2011. Between June 2011 and November 2011, in order to address the operational, infrastructure and process challenges we identified, we hired a number of new executive officers, including a new Senior Vice President of Worldwide Sales and Services in June 2011, a new Chief Financial Officer in August 2011, a new Senior Vice President of Engineering in August 2011 and a new Chief Technology Officer in September 2011. Throughout this period, and with the assistance of the new executive officers, we continued to assess our operations and prospects and implemented several strategic initiatives in support of long-term growth. For example, our Senior Vice President of Worldwide Sales and Services led our effort to grow our sales and marketing organization from 140 employees on July 30, 2011 to 242 employees on

December 31, 2011 and our Chief Technology Officer led an effort to redesign our data center strategy from a third-party hosted model to a co-location model and make several significant operational and efficiency improvements to our hosting infrastructure. Until the new executive officers had fully assessed our operations and prospects, and reviewed the impact of the operational changes we were initiating during this period, it was unclear to us whether our value or future prospects had changed. In addition, during the quarter ended September 30, 2011, annual contract value of orders during the quarter were 13% below our target. This shortfall was attributable to a significant number of new people in the sales organization and a slower than anticipated time to ramp new sales people to full productivity, and uncertainty in the financial markets in September 2011 which caused customers to delay orders. Based on our assessment of our performance and market conditions during this period, and the uncertainty regarding our new management team's ability to successfully implement our operational changes and strategies, our board of directors granted options with an exercise price of $3.00 per share in August 2011, September 2011 and October 2011. Because of this conclusion, we determined not to perform contemporaneous valuations of our common stock in August 2011, September 2011 or October 2011. In addition, as mentioned above, in connection with the preparation of our December 31, 2011 financial statements, we revised the valuation analysis of our common stock granted in August 2011, September 2011 and October 2011, and determined the fair value to be $3.75 per share for financial accounting and reporting purposes for these grants.

November 2011. The United States economy and the financial markets began to stabilize from the uncertainty and high volatility. During the quarter ended September 30, 2011, revenues and headcount increased 16% and 31%, respectively, from June 30, 2011 to September 30, 2011. Headcount increased 12% during the month of October 2011. We performed a contemporaneous valuation of our common stock and determined the fair value to be $4.00 per share as of November 4, 2011. During this period our relatively new management team began reassessing the timelines for various liquidity scenarios. Consequently, the probability weightings of the various scenarios were adjusted from prior periods to 30% probability of an IPO, 20% probability of a strategic merger or sale and 50% probability of remaining a private company. The median peer group revenue multiple declined further from 8.3x in July 2011 to 7.0x in November 2011. This decline was representative of the continuing general decline in the valuations of the peer group companies during this period. On October 24, 2011, Oracle Corporation announced the acquisition of RightNow Technologies, Inc., one of the companies represented in our peer group, at an implied valuation of approximately 7.0x trailing revenue. This valuation reflected premiums of approximately 20%, 10%, and 37% over RightNow Technologies, Inc.'s public trading values from one day, one week, and one month prior, respectively. Our board of directors carefully considered the general decline in the valuation of the peer group companies during this period as well as the acquisition of RightNow Technologies, Inc. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 6.4x, which was between the minimum and the lower quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 7.6x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. Additionally, we updated both our financial and growth projections. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $4.00 per share. In connection with the preparation of our December 31, 2011 financial statements, we revised the valuation analysis of our common stock as of November 4, 2011 for changes to certain assumptions, primarily related to the selected discount rate, comparable companies and terminal value, and determined the fair value to be $4.30 per share for financial accounting and reporting purposes for these grants. The increase in our common stock valuation between July 2011 and November 2011 can be attributed primarily to improving market conditions, the increased visibility in our future operating performance afforded by our updated financial and growth projections prepared by the new management team, and the valuation of RightNow Technologies, Inc. These positive factors were offset by an extension in the timeline to an expected liquidity event resulting from management's reassessment of the timelines and weightings for the various liquidity scenarios. The revised valuation used a risk-adjusted discount rate of 34.4% and a non-marketability discount of 19%.

The reduction in the probability of an IPO from 55% in July 2011 to 30% in November 2011 was primarily a result of an assessment by our board of directors of the readiness of our company to be a public company, including consideration of the tenure of the management team and the shortfall in targeted annual contract value of orders in the quarter ended September 30, 2011. The increase in the risk-adjusted discount rate from 24.0% in July 2011 to 34.4% in November 2011 reflects the additional risk associated with achieving our substantially more aggressive financial and growth projections developed in our revised operating plan that was approved by our board of directors in November 2011. The increase in the non-marketability discount from 15% in July 2011 to 19% in November 2011 reflects the extension of the timeline to a potential liquidity event resulting from management's reassessment of the timelines for the various liquidity scenarios.

December 2011. The United States economy and the financial markets continued to stabilize from the uncertainty and high volatility. In addition, investor confidence in the IPO markets began to increase as a number of technology companies began expressing interest in IPOs. Furthermore, our revenues continued to increase month over month consistent with management's expectations. We performed a contemporaneous valuation of our common stock and determined the fair value to be $4.65 per share as of December 7, 2011. The probability weightings of the various scenarios were 55% probability of an IPO, 25% probability of a strategic merger or sale and 20% probability of remaining a private company. The median peer group revenue multiple increased from 7.0x in November 2011 to 7.8x in December 2011. This increase was representative of the general increase in the valuations of the peer group companies during this period. On December 3, 2011, SAP America, Inc. announced the acquisition of SuccessFactors, Inc., one of the companies represented in our peer group, at an implied valuation of approximately 12.0x trailing revenue. This valuation reflected premiums of approximately 52%, 77%, and 46% over SuccessFactors, Inc.'s public trading values from one day, one week, and one month prior, respectively. Our board of directors carefully considered the general increase in the valuation of the peer group companies during this period as well as the acquisition of SuccessFactors, Inc. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 6.9x, which was between the lower quartile and the median of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 7.2x, which exceeded the maximum private company transaction multiple and was between the mean and the upper quartile transaction multiples for the public company transactions. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $4.65 per share. In connection with the preparation of our December 31, 2011 financial statements, we revised the valuation analysis of our common stock as of December 7, 2011 for changes to certain assumptions, primarily related to the selected discount rate, comparable companies and terminal value, and determined the fair value to be $5.00 per share for financial accounting and reporting purposes for these grants. The increase in our common stock valuation between November 2011 and December 2011 can be attributed primarily to the continued improvement in market conditions, our strong financial performance, an increase in the probability of an IPO or strategic merger or sale relative to remaining a private company, and the valuation of SuccessFactors, Inc. The revised valuation used a risk-adjusted discount rate of 34.2% and a non-marketability discount of 15%.

January 2012. The financial markets strengthened at the end of December 2011 and continued to strengthen through early January 2012. We exited the quarter ended December 31, 2011 with record revenues, representing 15% growth over the quarter ended September 30, 2011. We also gained more confidence in our ability to forecast our business, as annual contract value of orders during the quarter ended December 31, 2011 were 109% of our target. However, a substantial portion of orders during the quarter were received in the last four weeks of the quarter, with 68% of the quarter's orders received in the month of December, and 47% of the orders received in the last two weeks of December. Headcount increased 23% from September 30, 2011 to December 31, 2011, and the strategic objectives of our management team for a liquidity event began to focus more on an IPO. We performed a contemporaneous valuation of our common stock and determined the fair value to be $6.50 per share as of January 11, 2012. The probability weightings of the various scenarios were 75% probability of an IPO, 10% probability of a strategic merger or sale and 15% probability of remaining a private company. The median peer group revenue multiple declined from 7.8x in December 2011 to 7.7x in January 2012. This decline was representative of the slight decline in the valuations of the peer group companies during this period. Our board of directors carefully considered the slight decline in the valuation of the peer group companies during this period.

The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 7.7x, which was between the median and the upper quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 11.4x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. The valuation used a risk-adjusted discount rate of 28.3% and a non-marketability discount of 12%. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $6.50 per share. The increase in our common stock valuation between December 2011 and January 2012 can be attributed primarily to the continued improvement in market conditions, our continued strong financial performance, and an increase in the probability of an IPO relative to other exit alternatives.

February 2012. The United States economy and the financial markets continued with a strong start to 2012. We continued to see strength in our business and continued to rapidly expand our employee base, increasing headcount by 6% from December 2011 to January 2012. Given the strength in the financial markets as shown by the number of companies filing for an IPO, and the strength in our business and our board of directors' confidence in the new management team, we commenced discussions with bankers to explore the potential of an IPO. We performed a contemporaneous valuation of our common stock and determined the fair value to be $9.40 per share as of February 3, 2012. The probability weightings of the various scenarios were 85% probability of an IPO, 10% probability of a strategic merger or sale and 5% probability of remaining a private company. The median peer group revenue multiple increased from 7.7x in January 2012 to 8.6x in February 2012. This increase was representative of the general increase in the valuations of the peer group companies during this period. On February 9, 2012, Oracle Corporation announced the acquisition of Taleo Corp., one of the companies represented in our peer group, at an implied valuation of approximately 5.70x trailing revenue. This valuation reflected premiums of approximately 18%, 24%, and 24% over Taleo Corp.'s public trading values from one day, one week, and one month prior, respectively. Our board of directors carefully considered the general increase in the valuation of the peer group companies during this period as well as the acquisition of Taleo Corp. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 11.3x, which was between the median and the upper quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 13.2x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. The valuation used a risk-adjusted discount rate of 28.3% and a non-marketability discount of 11%. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $9.40 per share. The increase in our common stock valuation between January 2012 and February 2012 can be attributed primarily to the continued improvement in market conditions, our continued strong financial performance, our commencement of discussions with bankers to explore the potential of an IPO, an increase in the probability of an IPO relative to other exit alternatives, and the valuation of Taleo Corp.

March 2012. In February 2012 we held our organization meeting with investment bankers. On February 21, 2012, we sold and issued 1,750,980 shares of common stock at $10.20 per share in a private placement to entities associated with Greylock Partners. As part of the same transaction, Frederic B. Luddy sold 700,000 of his shares of common stock to Greylock at the same price. On March 9, 2012 we received notice from a former employee of his proposed sale of 100,000 shares of our common stock to an investor at a purchase price of $10.00 per share. On March 16, 2012 we received notice from a former employee of his proposed sale of 6,666 shares of our common stock to an investor at a purchase price of $12.00 per share. Pursuant to the 2005 Stock Plan Exercise Notices, we exercised our right of first refusal to purchase the shares. We continued to hire employees at a rapid pace growing our headcount by 8% in February 2012. We performed a contemporaneous valuation of our common stock and determined the fair value to be $10.35 per share as of March 9, 2012. The probability weightings of the various scenarios were 90% probability of an IPO, 5% probability of a strategic merger or sale and 5% probability of remaining a private company. The median peer group revenue multiple increased from 8.6x in February 2012 to 9.1x in March 2012. This increase was representative of the continuing increase in the valuations of the peer group companies during this period. Our board of directors carefully considered the continuing increase in the valuation of the peer group companies during this period. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 1l.8x, which was between the median and the upper quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 12.8x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. The valuation used a risk-adjusted discount rate of 28.4% and a non-marketability discount of 11%. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $10.35 per share. The increase in our common stock valuation between February 2012 and March 2012 can be attributed primarily to the continued improvement in market conditions, our continued strong financial performance, our progress made toward a potential IPO, and an increase in the probability of an IPO relative to other exit alternatives.

April 2012. We continued to see strength in the financial markets and in our business. Revenues grew 21% during the quarter ended March 31, 2012 as compared to the prior quarter ended December 31, 2011. On March 30, 2012, we filed our initial registration statement. We performed a contemporaneous valuation of our common stock and determined the fair value to be $11.00 per share as of April 9, 2012. The probability weightings of the various scenarios were 95% probability of an IPO, and 5% probability of a strategic merger or sale. The median peer group revenue multiple increased from 9.1x in March 2012 to 9.3x in April 2012. This increase was representative of the continuing general increase in valuations of the peer group companies during this period. Our board of directors carefully considered the continuing increase in the valuation of the peer group companies during this period. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 11.7x, which was between the median and the upper quartile of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 12.3x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. The valuation used a risk-adjusted discount rate of 28.3% and a non-marketability discount of 8%. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $11.00 per share. The increase in our common stock valuation between March 2012 and April 2012 can be attributed primarily to the continued improvement in market conditions, our continued strong financial performance, our progress made toward a potential IPO, and an increase in the probability of an IPO relative to other exit alternatives. Further, on April 10, 2012 we received notice from former employees of their proposed sale of an aggregate of 77,498 shares of our common stock to investors at a purchase price of $11.50 per share. Pursuant to our 2005 Stock Plan, we exercised our right of first refusal to purchase 42,498 shares.

May 2012. We continued to see strength in our business, even though the financial markets began to show some weakness. We continued to rapidly expand our employee base, increasing headcount 17% from March 2012. We performed a contemporaneous valuation of our common stock and determined the fair value to be $12.45 per share as of May 7, 2012. The probability weightings of the various scenarios were 95% probability of an IPO, and 5% probability of a strategic merger or sale. The median peer group revenue multiple decreased from 9.3x in April 2012 to 8.2x in May 2012. This decrease was representative of the general decrease in valuations of the peer group companies during this period as well as other high growth technology companies. Our board of directors carefully considered the change in the valuation of the peer group companies during this period. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 12.1x, which was between the upper quartile and the maximum of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 12.4x, which exceeded the maximum private company transaction multiple and was between the upper quartile and the maximum transaction multiples for the public company transactions. The valuation used a risk-adjusted discount rate of 28.1% and a non-marketability discount of 4%. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $12.45 per share. The increase in our common stock valuation between April 2012 and May 2012 can be attributed primarily to our continued strong financial performance, our progress made toward a potential IPO, and an increase in the probability of an IPO relative to other exit alternatives. Further, pursuant to our 2005 Stock Plan, we exercised our right of first refusal to purchase 35,000 shares from a former employee at a purchase price of $11.50 per share on May 7, 2012.

June 2012. We continued to see strength in our business, even though the financial markets began to show some weakness. We continued to rapidly expand our employee base, increasing headcount 18% from March 2012 to June 2012. We performed a contemporaneous valuation of our common stock as of June 11, 2012. The probability weightings of the various scenarios were 95% probability of an IPO, and 5% probability of a strategic merger or sale. The median peer group revenue multiple decreased from 8.2x in May 2012 to 8.0x in June 2012. This decrease was representative of the general decrease in valuations of the peer group companies during this period as well as other high growth technology companies. Our board of directors carefully considered the change in the valuation of the peer group companies during this period. The implied revenue multiple resulting from the estimated exit value for the IPO liquidity event was 14.6x, which exceeded the maximum of the last 12-month peer group revenue multiples. The implied revenue multiple resulting from the estimated exit value for the strategic merger or sale liquidity event was 14.7x, which exceeded both of the maximum multiples from the private company transactions and the public company transactions. The valuation used a risk-adjusted discount rate of 26.9% and a non-marketability discount of 2%. This valuation indicated a fair value per share of our common stock of $16.00 as of June 11, 2012, which also equals the mid-point of the estimated pricing range based on preliminary indications of potential pricing ranges for our initial public offering. In addition, an existing company investor completed common stock share purchases in June 2012 from current and former employees at $16.00 and $17.00 per share. Based on the valuation and the factors described herein, our board of directors granted stock options with an exercise price of $16.00 per share.

We have determined, after consultation with the underwriters, that our anticipated initial offering price range as reflected in this prospectus is $15.00 to $17.00 per share. As of the date of our stock option grants on May 7, 2012, our board of directors determined the fair value of our common stock to be $12.45 per share. The determination was based upon the objective and subjective factors described above. We believe the difference between the fair value of our common stock on May 7, 2012, as determined by our board of directors, and the anticipated initial offering price range is a result of the following factors:

- the anticipated price range necessarily assumes that the initial public offering has occurred and a public market for our common stock has been created, and therefore excludes any marketability or illiquidity discount for our common stock, which was appropriately taken into account in our board of directors' fair value determination in and prior to early May 2012; and
- the consideration of our growth prospects and recent financial, trading and market statistics of comparable companies and a broader set of software companies, including some that have recently completed their initial public offerings, discussed between us and the underwriters as compared to the more narrow prior analysis applied and comparable companies used by the board of directors.

Due to our additional option grants since March 31, 2012, we expect to recognize total incremental compensation expense of $19.7 million, net of estimated forfeitures, of which $3.2 million, $5.0 million, $5.0 million, $4.9 million and $1.6 million will be recognized during the years ending December 31, 2012, 2013, 2014, 2015 and 2016, respectively. We expect to recognize an additional $2.4 million in compensation expense as a result of the grant of options for an aggregate of 300,000 shares of our common stock to three of our directors on the date of this prospectus with an exercise price equal to the initial public offering price, which for this purpose is estimated to be the midpoint of the price range set forth on the cover page of this prospectus. In future periods, our stock-based compensation expense is expected to increase as a result of our existing unrecognized stock-based compensation and as we issue additional stock awards to continue to attract and retain employees and independent directors.

Income Taxes

Our provision for income taxes, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect our best assessment of estimated future taxes to be paid. Significant judgments and estimates based on interpretations of existing tax laws or regulations in the United States and the numerous foreign jurisdictions where we are subject to income tax are required in determining our provision for income taxes. Changes in tax laws, statutory tax rates, and estimates of our future taxable income could impact the deferred tax assets and liabilities provided for in the consolidated financial statements and would require an adjustment to the provision for income taxes.

Deferred tax assets are regularly assessed to determine the likelihood they will be recovered from future taxable income. A valuation allowance is established when we believe it is more likely than not the future realization of all or some of a deferred tax asset will not be achieved. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, our history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies.

We recognize the impact of a tax position in our consolidated financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Tax authorities regularly examine our returns in the jurisdictions in which we do business and we regularly assess the tax risk of our return filing positions. Due to the complexity of some of the uncertainties, the ultimate resolution may result in payments that are materially different from our current estimate of the tax liability. These differences, as well as any interest and penalties, will be reflected in the provision for income taxes in the period in which they are determined.

Recent Adopted Accounting Standards

In June 2011, the FASB issued Accounting Standards Update, or ASU, No. 2011-05, "*Presentation of Comprehensive Income*." This update requires companies to present reclassification adjustments included in other comprehensive income on the face of the consolidated financial statements and allows companies to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. It also eliminates the option for companies to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for fiscal periods beginning after December 15, 2011, with earlier adoption permitted. We retroactively adopted this guidance during the six-month period ended December 31, 2011 to present the components of net income and the components of other comprehensive income in a single continuous statement of comprehensive income. Adoption of this ASU did not have a material effect on our financial position, results of operations or cash flows.

Qualitative and Quantitative Disclosures about Market Risk

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the Euro, British Pound Sterling, Canadian dollar, Swiss franc, and Australian dollar. Revenues outside of North America as a percentage of revenue was 27%, 28%, and 25% in fiscal 2009, 2010 and 2011, respectively, 26% and 29% during the six months ended December 31, 2010 and 2011, respectively, and 26% and 28% during the three months ended March 31, 2011 and 2012, respectively. Changes in exchange rates may negatively affect our revenue and other operating results as expressed in U.S. dollars.

We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We recognized foreign currency gains of $0.5 million, $1.6 million, $0.2 million and $0.5 million in fiscal 2010, the six months ended December 31, 2011 and the three months ended March 31, 2011 and 2012, respectively. We had an immaterial foreign currency loss in fiscal 2009 and we recognized a foreign currency loss of $0.3 million and $0.6 million in the six months ended December 31, 2010 and fiscal 2011. While we have not engaged in the hedging of our foreign currency transactions to date, we are presently evaluating the costs and benefits of initiating such a program and may in the future hedge selected significant transactions denominated in currencies other than the U.S. Dollar.

Interest Rate Sensitivity

In February 2012, we began investing a portion of our cash in corporate debt securities. The primary objectives of our investment activities are the preservation of capital and supporting our liquidity requirements. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. Due to the short-term nature of our investment portfolio, however, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. We therefore do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.

BUSINESS

Overview

ServiceNow is a leading provider of cloud-based services to automate enterprise IT operations. Our service includes a suite of applications built on our proprietary platform that automates workflow and integrates related business processes. 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, to lower operational costs and to enhance efficiency. Additionally, our customers use our extensible platform to build custom applications for automating activities unique to their business requirements.

We help transform IT organizations from reactive, manual and task-oriented, to pro-active, automated and service-oriented organizations. Our on-demand service enables organizations to define their IT strategy, design the systems and infrastructure that will support that strategy, and implement, manage and automate that infrastructure throughout its lifecycle. We provide a broad set of integrated applications that are highly configurable and can be efficiently implemented and upgraded. Further, our multi-instance architecture has proven scalability for global enterprises, as well as advantages in security, reliability and deployment location.

We offer our service under a Software-as-a-Service, or SaaS, business model. Customers can rapidly deploy our service in a modular fashion, allowing them to solve immediate business needs and access, configure and build new applications as their requirements evolve. Our service, which is accessed through an intuitive web-based interface, can be easily configured to adapt to customer workflow and processes. Upgrades to our service are designed to be efficient and compatible with configuration changes and applied with minimal disruption to ongoing operations.

We have achieved significant growth in recent periods. A majority of our revenues comes from large, global enterprise customers. Our total customers grew 61% from 668 as of March 31, 2011 to 1,074 as of March 31, 2012. Our customers operate in a wide variety of industries, including financial services, IT services, health care, technology and utilities. For the fiscal years ended June 30, 2010 and 2011, our revenues grew 114% from $43.3 million to $92.6 million. We incurred a net loss of $29.7 million and generated net income of $9.8 million for the fiscal years ended June 30, 2010 and 2011, respectively. For the six months ended December 31, 2010 and 2011, our revenues grew 93% from $37.9 million to $73.4 million. We generated net income of $4.8 million and incurred a net loss of $6.7 million for the six months ended December 31, 2010 and 2011, respectively. For the three months ended March 31, 2011 and 2012, our revenues grew 88% from $25.2 million to $47.4 million. We generated net income of $3.0 million and incurred a net loss of $5.6 million for the three months ended March 31, 2011 and 2012, respectively.

Our Industry

Enterprises Face Increasing Challenges in Managing and Automating IT Operations

For decades, enterprises have invested in IT to empower their workforces and enable business critical functionality. This investment reflects enterprise dependence on a myriad of software applications, databases, operating systems, servers, networking equipment, personal computers, mobile devices, and a variety of other hardware and software assets. When managing the IT environment, enterprises face significant challenges:

Complexity of IT environments. The accelerating adoption of cloud-based services, virtual servers and desktops, and mobile technologies has added to the complexity of enterprise IT environments.

Budget pressures. IT executives are consistently asked to deliver more value for less cost, and to provide transparency regarding the true costs and business value of IT investments. The most recent downturn in the global economy has heightened these demands.

Alignment to business goals. IT organizations are increasingly asked to be proactive and design and develop new processes that span the entire enterprise, rather than support a set of discrete technologies and react to business changes. IT organizations must develop strategies to enable necessary business changes. This has resulted in a much greater need for alignment of IT strategy and performance with overall business performance.

Consumerization of IT. Individuals are spending more time interacting with intuitive, social and mobile consumer-oriented Internet services. These experiences have increased business users' expectations that they can access and interact with corporate IT technologies in a similar, familiar way. IT organizations are struggling to respond to these increased demands in a cost-effective manner.

Integration and standardization. Enterprises need integrated and standardized solutions that work with their existing systems and follow the most recent Information Technology Infrastructure Library, or ITIL, standard, a set of recommended business processes designed and adopted by IT operations industry participants globally to maximize the availability and usability of IT assets and the efficiency of IT staff.

Legacy IT Management Products Fall Short

Organizations have invested heavily in legacy software products to manage the inventory, cost and performance of IT resources. These traditional software products were originally architected in the 1980s and 1990s before the introduction of many of today's modern computing technologies. Shortcomings of these legacy products include:

Disparate and redundant solutions. Many legacy IT management products were developed and widely deployed decades ago. Vendors of these products have in many cases relied upon acquisitions and partnerships to extend their offerings and have not re-architected their solutions to provide the seamless, integrated platform that customers desire. In addition, enterprises may have overlapping solutions in various business units, especially those that have grown by acquisition or that operate globally. As a result, many enterprises operate multiple systems and infrastructures. Moreover, we believe that in most large enterprises IT professionals and business users frustrated with the lack of integrated applications have created a large number of custom applications, spreadsheets and paper-based systems to address specific business needs. As a result of these disparate solutions, executives lack a single system of record to manage their IT operations.

Inflexible integration, customization and maintenance. Enterprises face numerous challenges when trying to customize legacy IT management products to meet their specific needs, as well as integrate them with third-party solutions. Due to their architectures and proprietary languages, these inflexible products often cannot be easily customized to meet customers' business requirements and are difficult to integrate and maintain. As a result, enterprises may be required to adapt their business processes to the capabilities of the software.

Highly manual. Many legacy IT management products installed today require experienced and expensive IT staff to manually process service requests and manage IT operations. Database administrators, system administrators and network managers are often required to perform complex and repetitive tasks such as installing an application, applying a software patch, copying a production database, rebooting a server or provisioning a virtual machine. These manual tasks are time-consuming, prone to error and prevent IT from rapidly responding to business needs.

Upgrade challenges and disruption of service. Once legacy IT management products have been installed, integrated and customized, upgrades can be challenging. As new versions of the software are released on a periodic basis, customers are often required to re-implement the updated software with limited ability to carry forward customizations. The upgrade process for legacy solutions can be lengthy, and is frequently disruptive to the business.

Difficult to use and access. Many legacy IT management products lack a modern, easy to navigate user interface and were not originally designed to be accessed over the Internet or on mobile devices. These applications require a significant amount of user training and may have low rates of adoption across organizations, reducing return on investment. Further, if users do not adopt software, they may not execute processes in accordance with defined standards, which can lead to system failures.

High total cost of ownership. Because legacy IT management products are often disparate, inflexible, highly manual, challenging to upgrade, and difficult to use and access, we believe these products have a high total cost of ownership.

Requirements for Next-generation Enterprise IT Operations Management

We believe best-in-class, next generation enterprise IT operations management needs to incorporate the following key elements:

- *Complete, integrated solution*. A single system of record for all IT assets, activities and resources across multiple systems and infrastructures currently in use in large enterprises.
- *Closed loop automation*. An end-to-end, secure and auditable solution to automate service-oriented workflows and execute routine IT processes, both simple and complex.
- *Easily configurable and extensible*. Highly configurable to accommodate unique customer-specific workflow, systems infrastructure, and organizational structure.
- *Efficient implementations*. Immediate access and rapid deployment, and interoperable with other IT solutions.
- *Automated and non-disruptive upgrades*. Allows upgrades to be applied by the vendor in an automated fashion, minimizing system downtime, costly professional services engagements and manual intervention by the customer, while preserving forward compatibility with future releases.
- *Scalable, secure and reliable*. Scales to simultaneously and securely support the user and data capacity demands of the largest global enterprises.

Our Opportunity

Our service addresses a number of established enterprise IT management software markets. In particular, our service addresses such markets defined by Gartner as IT service desk and help desk, asset management, availability and performance management (distributed), project and portfolio management, job scheduling and runbook automation (distributed), configuration management and network management (distributed). In aggregate, Gartner estimates that the software revenues in these markets will total $13.6 billion in 2012, growing to $19.8 billion in 2016. Beyond these markets, we believe our service has the potential to address a wide variety of additional enterprise application and infrastructure software markets.

Our Solution

We help transform IT organizations from reactive, manual and task-oriented, to pro-active, automated and service-oriented organizations. Our on-demand service includes a suite of applications that runs on a common extensible platform that enables organizations to define their IT strategy, design the systems and infrastructure that will support that strategy, and implement, manage and automate that infrastructure throughout its lifecycle. Our cloud-based service includes the following key elements.

Key Elements

Broad set of integrated functionality. Our suite of applications was developed to address core ITIL processes as well as additional business processes, and runs on a single extensible platform. Our platform includes workflow automation, notification, assignment and escalation, third-party integration capabilities, reporting and administration capabilities. Our cloud-based service is designed to be deployed in a modular fashion, allowing customers to solve immediate business needs and access new application functionality as needs evolve.

Automation of IT operations. Our service automates the documentation, categorization, prioritization, assignment, notification and escalation of IT and other business processes. Additionally, our service automates routine and repeatable data center operations such as rebooting a server, cloning a database or deploying a virtualized environment. These elements of automation result in more consistent, reliable and secure execution, allowing the reallocation of expensive IT staff to more complex issues.

Highly configurable and extensible to meet business needs. Our configuration features are designed to give customers the ability to easily alter the appearance and operation of the user interface, change and develop business rules to meet specific requirements, and extend the database schema to support the tracking and capturing of necessary data. As a result, our service enables management of IT operations without requiring changes to existing business processes. In addition, our customers and partners can use our platform to build applications to automate processes that are unique to their businesses.

Efficient implementations and integration. Our cloud-based model allows customers to quickly access and deploy our service without the need to install and maintain costly infrastructure hardware and software necessary for on-premises deployments. We believe the average time that a customer requires to deploy our service is significantly shorter than for typical legacy IT management products. We also offer consulting and training services to assist customers in rapidly deploying and optimizing their use of our service. Our service is developed on an architecture that enables efficient integration to third-party architectures and other data sources.

Efficient upgrades. We design our upgrades to be compatible with customer configuration changes and applied rapidly with minimal disruption to ongoing operations, enabling customers to be on the most up-to-date version. Upgrades are included as part of the subscription service and do not require professional services to implement.

Scalable, secure and reliable multi-instance architecture. Our customers require scalability, security and reliability for their large, global businesses. Our multi-instance architecture is designed to meet these requirements. By providing customers with dedicated applications and databases we ensure that customer data is not comingled. In addition, this architecture reduces risk associated with infrastructure outages, improves system scalability and security, and allows for flexibility in deployment location. We believe this architecture is the best solution for the large global enterprises that rely on us for critical applications.

Business Benefits

Single system of record for IT. We provide a single system of record for IT executives to track assets, activities and resources across the multiple systems and infrastructures currently in use in large enterprises. This provides executives with the ability to execute their IT strategy by quickly assessing how well their IT infrastructure is supporting business processes, analyzing business needs real-time and developing business solutions as needs evolve.

Lower total cost of ownership. We assume complete responsibility for our service, including application set, hosting infrastructure, maintenance, monitoring, storage, security, customer support and upgrades, all of which free customer resources. Our service only requires a browser and an Internet connection to function.

Additionally, we manage, monitor and handle upgrades and patch deployments remotely, which can result in lower total cost of ownership to our customers compared to legacy IT management products.

Easy to use and widely accessible. Our suite of intuitive and easy-to-use applications provides users with a familiar experience based on business-to-consumer concepts. In addition, users with knowledge of basic software applications are able to create custom applications on our platform to solve specific business issues. Users can access our service through a web-based interface anywhere an Internet connection is available, including through mobile devices. We believe this ease of use and accessibility result in increased user adoption. This enables businesses to earn higher return on investment and makes it more likely that users perform tasks based on standard defined processes, reducing system failure.

Our Growth Strategy

Our goal is to be the industry-recognized leading provider of cloud-based services to automate enterprise IT operations. Key elements of our growth strategy include:

Expand our customer base. We believe the global market for next-generation enterprise IT operations management is large and underserved, and we intend to continue to make investments in our business to capture increasingly larger market share. To expand our customer base we intend to invest in our direct sales force and strategic resellers as well as our data center footprint. In particular, we grew our sales and marketing team from 140 as of June 30, 2011 to 270 as of March 31, 2012.

Further penetrate our existing customer base. We intend to increase the number of subscriptions purchased by our current customers as they deploy additional core ITIL and extended IT applications, and use our platform to develop custom applications to meet business needs outside of IT. Additionally, we believe there are significant cross-sell opportunities for our separately licensed Discovery and Runbook Automation technologies.

Expand internationally. We have a large and growing international presence, and intend to grow our customer base in various regions. We are investing in new geographies, including investment in direct and indirect sales channels, data centers, professional services, customer support and implementation partners. As of the end of March 2012, 27% of our direct sales force was located outside North America. We plan to increase our investment in our existing international locations in order to achieve scale efficiencies in our sales and marketing efforts, in addition to adding new geographies.

Continue to innovate and enhance our service offerings. We have made, and will continue to make, significant investments in research and development to strengthen our existing applications, expand the number of applications on our platform and develop additional automation technologies. We typically offer multiple upgrades each year that allow our customers to benefit from ongoing innovation.

Strengthen our customer community. We have an enthusiastic and engaged customer community that contributes to our success through their willingness to share their ServiceNow experiences with other potential customers. Customer needs drive our development efforts. To support our customer community and encourage collaboration, we host Knowledge, our annual user conference. Participation by our customers at Knowledge has grown ten-fold, with approximately 100 attendees at our first conference in 2007 growing to approximately 1,840 attendees in 2012. We will continue to leverage our large and growing customer community to expose our existing customers to new use cases and increase awareness of our service.

Develop our partner ecosystem. We intend to further develop our existing partner ecosystem by establishing agreements with strategic resellers and system integrators to provide broader customer coverage, access to senior executives and solution delivery capabilities. As we expand our base of partners, we intend to grow our indirect sales team and marketing efforts to support our distribution network.

Further promote our extensible platform. We plan to grow investments in our platform to better enable the creation of custom applications to address specific business issues. We believe our platform is currently deployed to address a wide variety of non-IT use cases in areas such as human resources, facilities and quality control management. We believe our platform provides substantial application development capabilities and we intend to further promote the potential of our platform as a strategy to penetrate large and growing markets.

Our Service

Our core applications are specifically designed to automate ITIL-based processes. We also offer extended IT applications and allow customers to build custom applications designed to automate processes unique to their businesses. All of these applications run on our platform and are provided as a hosted service under a SaaS business model.

Our service includes the following applications:

Core ITIL Applications

- *Incident Management* manages the process of restoring a failed service to an operational state.
- *Problem Management* manages the process of resolving the root cause of recurring service outages or issues affecting multiple users.
- *Change Management* manages the proposal and approval process for changes to be made to the IT infrastructure.
- *Release Management* assigns, manages and monitors the various tasks comprising the actual implementation or execution of a proposed change.
- *Configuration Management Database, or CMDB,* serves as the inventory repository of all hardware, software and network equipment comprising the IT infrastructure.
- *Service Catalog* displays the various goods and services an IT department makes available to the rest of the organization.
- *Knowledge Management* stores and displays “knowledge articles” or documents for use by the IT staff or broader supported employee base.
- *Service Portfolio Management* presents business services offered to the enterprise by the IT organization in consumer-oriented fashion.
- *Service Level Agreement Management* monitors and manages progress being made by IT staff on the completion of assigned tasks which have specific due dates.

Extended IT Applications

- *Project and Portfolio Management* tracks and manages projects planned or being worked on by the IT staff.
- *IT Cost Management* tracks and monitors staff work time, project-related expenses and labor costs.
- *IT Asset and Contract Management* tracks the financial elements of IT infrastructure.
- *IT Governance Risk and Compliance* details applications, databases, servers, network equipment and personnel for a regulatory or compliance audit.
- *Software Development Lifecycle Management* tracks and manages new features and functions to be developed in upgrades or new software applications.
- *Field Service Management* manages the process of dispatching field based technicians and routing of field-based spare parts to a customer location.

- *Social IT* provides users with a collaboration capability to interact with a broad set of users to enable IT self-service as well as a chat functionality for one-to-one online communication with IT staff.
- *Reporting and Business Intelligence* provides users with access to pre-built and custom reports across all applications.
- *Discovery* discovers the various hardware and software assets comprising the IT infrastructure as well as mapping the operational dependencies between those assets, and then populates and maintains that inventory in the CMDB application. Each of these processes occurs automatically.
- *Runbook Automation* is designed to automatically execute complex yet routine and repeatable projects in the datacenter, allowing organizations to automate business and IT processes that would otherwise be done manually.

Custom Applications

Our customers and partners can use our platform to build applications designed to automate processes that are unique to their businesses. Some examples include human resources, facilities and quality control management.

Platform

Our proprietary platform serves as the development environment for our suite of applications and custom applications, and automates workflow and integrates related business processes. Each application leverages shared platform resources to increase system automation, process integration, interface usability and data consistency.

Professional Services

Customers configure their implementation of our service to accommodate their unique organizational structures and workflows as well as to integrate our service with other technologies in their environments. We provide technical training and implementation services to customers through our professional services team and through a network of certified partners. Customers may also implement our service independently or use a third party. Our professional services include customer guidance on implementation, as well as comprehensive integration and implementation projects, and can include the development of custom applications. Customers typically implement applications in phases and each phase is governed by a separate statement of work. Typical professional service engagements vary in length from a few weeks to several months depending on the scope and size of the customer initiative.

Customer Support

We offer customer support from our offices in San Diego, California and London. Customers can call or email us at anytime to report issues with or ask questions regarding our service. We provide 24/7 support through phone, email, online documentation and an online forum. Our support staff is comprised of highly experienced and knowledgeable technicians that receive significant training on the deployment and maintenance of our service, as well as the operations of our data centers. There is no additional charge for customer support.

Technology

We designed our cloud-based service to support large global enterprises. The architecture, design, deployment and management of our service are focused on:

Scalability. Our service is designed to support concurrent user sessions within a global enterprise, processing thousands of record-producing transactions and managing multiple terabytes of data while continuing to deliver best-in-class transaction processing time.

Availability. Our customers are highly dependent on our service for the day–to-day operations of their IT infrastructure. Our service is designed as an "always on" solution.

Security. Our service hosts and manages a large quantity of highly sensitive customer data. We employ a number of technologies, policies and procedures to protect customer data. We offer data centers that have SSAE 16 or ISO 27001 attestations or equivalent attestations.

We have a standardized Java-based development environment with the majority of our software written in industry standard software programming languages. We also use Web 2.0 technologies like AJAX and HTML which give users an intuitive and familiar experience. Our hardware primarily consists of industry standard servers and network components. Our standard operating system and database are Linux and MySQL, respectively, and the system is highly portable across multiple platforms including Microsoft Windows, Microsoft SQL Server and Oracle databases.

Unlike many SaaS vendors, we operate a multi-instance architecture that provides all customers with dedicated applications and databases. Most customers run on shared infrastructure servers while larger customers may run on dedicated servers. This architecture reduces risk associated with infrastructure outages, improves system scalability and security, and allows for flexibility in deployment location. We are also investing in enhancements to our cloud architecture, which are designed to provide all our customers with increased data reliability and availability.

We offer our customers the option to purchase dedicated hardware in our data centers. In addition, our multi-instance architecture gives us the added flexibility to deploy our applications on-premises at a customer data center in order to support regulatory or security requirements. When our software is installed at the customer site, we define the hardware requirements that the customer must install and manage. We then remotely install and maintain the applications in a similar way to how we manage customer instances deployed in our own managed data centers. A small percentage of our customers run an on-premises solution.

Sales and Marketing

We sell our product and services through direct field sales and indirect channel sales. Our primary sales channel in North America is direct sales, and we also partner with strategic resellers and system integrators. For international markets outside of the United Kingdom and Germany we have historically partnered with strategic resellers. In the past year we have made significant investments in direct sales in many markets.

Our marketing efforts and lead generation activities consist primarily of customer referrals, Internet advertising, trade shows and industry events and press releases. We also host Knowledge conferences and webinars where customers both participate in and present a variety of programs designed to help accelerate marketing success with our service and platform.

As of March 31, 2012 we had 270 employees in sales and marketing.

Customers

We primarily market our service to large enterprises, which we define as companies with over $750 million in revenues and a minimum of 200 IT employees, and public sector organizations. We have proven scalability supporting large enterprise-wide deployments. As of March 31, 2012, we had 1,074 customers that operate in a wide variety of industries, including financial services, consumer products, IT services, health care and technology. Representative customers during 2011 included:

2e2	Dimension Data	Kimberly-Clark
Advanced Micro Devices	Ellucian	Ohio State University Medical Center
Allina Health	Flextronics	Orange Business Services
Barclays	Health Partners	Philip Morris International
CompuCom	JT International	Qualcomm
Deutsche Bank	Johnson & Johnson Services	Shaw Industries

Case Studies

The following actual examples demonstrate how customers have benefitted from our service and expertise.

Global IT Outsourcing Company—Platform Modernization

Problem: A multi-billion dollar global IT services outsourcer who focuses on improving IT process control and maturity for clients struggled with a number of legacy, on-premises solutions utilized to manage the delivery of contracted services to their customers. These systems were built on older technology that limited the customer's ability to deliver services to their customers in a timely and cost effective manner and grow into additional service offerings which could not be processed in their legacy systems without a large development investment.

Solution and benefits: Beginning in August 2008, the customer deployed our service as their enterprise platform to automate a suite of integrated IT services to their customers with the following results:

- Decreased customer implementation time by 33%, significantly enhancing the customer relationship;
- Expanded functional capability, allowing growth into additional service offerings; and
- Decreased operational support costs by 22% over a two year period.

International Electronic Manufacturing and Servicing Company—Platform Consolidation

Problem: A multi-billion dollar, international electronic manufacturing and servicing company had recently more than doubled the size of its business through a major acquisition and struggled with multiple systems used to support various IT functions around the globe. These disparate systems were expensive to maintain, limited the customer's ability to provide global support for enterprise systems and lacked an ability to provide operational visibility to senior management.

Solution and benefits: Beginning in July 2009, the customer deployed our service as a strategic platform to consolidate its global operations onto a single system of record and a unifying set of business processes in order to enable global coordination of resources and efforts. The system was deployed in 7 languages in all countries of corporate operation in just six months with the following results:

- Expanded the scope of enterprise systems supported by corporate IT by 20% with no increase in personnel resources;
- Decreased mean time to repair by 22% for business critical outages and 86% for Global Helpdesk;
- Increased mean time between failures by 13% for business critical outages;
- ITIL standard processes for Problem and Change management introduced; and
- Recognized more than $1 million in operational expense savings.

Financial Services Company—Transformation from Reactive to Proactive IT

Problem: A firm specializing in providing products and services to the financial services industry wanted to transition from a reactive, task-based organization to one which was more service-oriented and capable of providing better levels of service to the business. In order to do so, they needed to transition from a basic ticketing system to a highly automated IT service management solution.

Solution and benefits: Beginning in October 2010, the customer implemented our service around the ability for employees to request goods and services from the IT department and have them delivered in a highly automated fashion with the following results:

- Significantly reduced the complexity involved in requesting goods and service from the IT department;
- Reduced the number of calls to the IT department by 25% through the proactive dissemination of order status information; and
- Was able to reallocate 15% of the IT service staff to more strategic projects through improvements in employee efficiency.

International Scientific Research Organization—Custom Applications for Automated Visitor Services

Problem: An international scientific research organization with more than 2,400 staff struggled to manage the efficient processing of the numerous requests generated by the more than 10,000 annual visitors to its vast, city-like campus. These requests spanned a range of diverse services offered by the organization including security access, logistics, transport, hotel rooms, experimental facilities, finance, human resources, safety and information technology.

Solution and benefits: Beginning in September 2009, the customer implemented a range of pre-packaged and custom-developed applications deployed on our platform with a service request portal front-end designed to provide visiting scientists with a full view of business services offered by various departments within the organization with the following results:

- Established a business service catalog comprising several hundred services described with related request items which are automatically routed to the support groups responsible for delivery and fulfillment, significantly reducing the time spent by the scientists searching for where and how to report incidents or requests.
- Processed 100,000 service requests in a one year period. Managing an annual growth of over 10% of the labs activities without increasing staff and budgets was only possible with the introduction of a service management framework powered by our platform.

Data Center Operations

We currently run our service from sixteen data centers around the world, including the United States, Canada, the United Kingdom, the Netherlands, Switzerland and Australia. We are transitioning from a managed service hosting model, where a third party manages many aspects of the operations, to a co-location model, where we will have more direct control over the infrastructure and its operation. Upon completion of the current enhancements we are making to our cloud infrastructure, which are scheduled to be completed by the end of 2012, we expect to have twelve data centers globally, two in each serving region operating in a mirrored configuration to provide high availability. For our U.S. federal government customers we are in the process of establishing data centers that are compliant with the Federal Information Security Management Act. The number of data centers we operate will continue to change with new business opportunities.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to timely introduce new products, technologies, features and functionality. Our research and development organization is responsible for the design, development, testing and certification of our products and services. Our efforts are focused on developing new products and core technologies and further enhancing the functionality, reliability, performance and flexibility of existing solutions. We focus our efforts on anticipating customer demand in bringing new products and new versions of existing products to market quickly in order to remain competitive in the marketplace.

As of March 31, 2012, we had 116 employees in our research and development group. Our research and development expenses were $2.4 million, $7.2 million and $7.0 million in fiscal 2009, 2010 and 2011, respectively, $2.8 million and $7.0 million in the six months ended December 31, 2010 and 2011, respectively, and $1.9 million and $6.0 million in the three months ended March 31, 2011 and 2012, respectively.

Competition

The market for enterprise IT management solutions is fragmented, rapidly evolving and highly competitive. We face competition from in-house solutions, large integrated systems vendors and smaller companies with point solutions. Our competitors vary in size and in the breadth and scope of the products and services offered. Our primary competitors include BMC Software, Inc., CA, Inc., Hewlett-Packard Company and International Business Machines Corporation, all of which can bundle competing products and services with other software offerings, or offer them at a low price as part of a larger sale. With the introduction of new technologies, evolution of our product offerings and new market entrants, we expect competition to intensify in the future.

The principal competitive factors in our industry include total cost of ownership, product functionality, breadth of offerings, flexibility and performance. We believe that we compete favorably with our competitors on each of these factors. However, many of our primary competitors have greater name recognition, longer operating histories, more established customer relationships, larger marketing budgets and significantly greater resources than we do.

Intellectual Property

We rely upon a combination of copyright, trade secret and trademark laws and contractual restrictions, such as confidentiality agreements and licenses, to establish and protect our proprietary rights. We have only recently begun to develop a strategy to seek patent protections for our technology. We pursue the registration of our domain names and trademarks and service marks in the United States and in certain locations outside the United States.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or obtain and use our technology to develop products and services that provide features and functionality that are similar to our service offerings. Policing unauthorized use of our technology is difficult. The laws of the countries in which we market our service may offer little or no effective protection of our proprietary technology. Our competitors could also independently develop services equivalent to ours, and our intellectual property rights may not be broad enough for us to prevent competitors from doing so. Reverse engineering, unauthorized copying or other misappropriation of our proprietary technology could enable third parties to benefit from our technology without paying us for it, which would significantly harm our business.

We expect that we and others in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of products and services overlaps. Our competitors could make a claim of infringement against us with respect to our service and underlying technology. Third parties may currently have, or may eventually be issued, patents upon which our current solution or future technology infringe. Any of these third parties might make a claim of infringement against us at any time.

Employees

As of March 31, 2012, we had 729 full-time employees worldwide, including 270 in sales and marketing, 265 in operations, professional services, training and customer support, 116 in research and development and 78 in general and administrative roles. None of our U.S. employees is represented by a labor union with respect to his or her employment. Employees in certain European countries have the benefits of collective bargaining arrangements at the national level. We have not experienced any work stoppages.

Facilities

Our corporate headquarters are located in San Diego, California. We also maintain offices in multiple locations in the United States and internationally, including San Jose, Seattle, London, Amsterdam and Sydney. We are currently seeking additional space in San Jose, London and Amsterdam as needed to satisfy our growth.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors as of March 31, 2012:

Name	Age	Position
Executive Officers:		
Frank Slootman	53	President, Chief Executive Officer and Director
Frederic B. Luddy	57	Chief Product Officer and Director
Michael P. Scarpelli	45	Chief Financial Officer
David L. Schneider	43	Senior Vice President of Worldwide Sales and Services
Arne Josefsberg	54	Chief Technology Officer
Daniel R. McGee	52	Senior Vice President of Engineering
Directors:		
Paul V. Barber(2)	50	Chairman of the Board of Directors
Ronald E.F. Codd(1)(3)	56	Director
Douglas M. Leone(2)	54	Director
Jeffrey A. Miller(1)(2)	61	Director
Charles E. Noell, III(3)	60	Director
William L. Strauss(1)(3)	53	Director

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Governance Committee.

Executive Officers

Frank Slootman has served as our President and Chief Executive Officer, and as a director, since May 2011. Mr. Slootman served as a venture partner with Greylock Partners, a venture capital firm from January 2011 to April 2011, and served as an advisor to EMC Corporation, an information technology company, from January 2011 to February 2012. From July 2009 to January 2011, Mr. Slootman served as President of the Backup Recovery Systems Division at EMC. From July 2003 to July 2009, Mr. Slootman served as President and Chief Executive Officer of Data Domain, Inc., an electronic storage solution company, which was acquired by EMC in 2009. Prior to joining Data Domain, Mr. Slootman served as an executive at Borland Software Corporation from June 2000 to June 2003, most recently as Senior Vice President of Products. From March 1993 to June 2000, Mr. Slootman held management positions for two enterprise software divisions of Compuware Corporation. Mr. Slootman holds undergraduate and graduate degrees in Economics from the Netherlands School of Economics, Erasmus University Rotterdam. Our board believes that Mr. Slootman's business expertise, including his prior executive level leadership, gives him the operational expertise, breadth of knowledge and valuable understanding of our industry which qualifies him to serve as a member of our board of directors.

Frederic B. Luddy has served as our Chief Product Officer since May 2011. Mr. Luddy founded ServiceNow in June 2004 and served as our President and Chief Executive Officer from that time until May 2011 and as a director since June 2004. From April 1990 to October 2003, Mr. Luddy served as Chief Technology Officer of Peregrine Systems, Inc., an enterprise software company that filed for protection under Chapter 11 of the United States Bankruptcy Code in September 2002. Prior to joining Peregrine Systems, Mr. Luddy founded Enterprise Software Associates, a software company, and was employed by Boole and Babbage, Inc., a software company, and the Amdahl Corporation, an information technology company. Our board believes Mr. Luddy's experience as the founder of ServiceNow, his knowledge of software and the software industry, as well his executive level experience and software and hardware development expertise give him the breadth of knowledge and leadership capabilities which qualify him to serve as a member of our board of directors.

Michael P. Scarpelli has served as our Chief Financial Officer since August 2011. From July 2009 to August 2011, Mr. Scarpelli served as Senior Vice President of Finance & Business Operations of the Backup Recovery Systems Division at EMC. From September 2006 to July 2009, Mr. Scarpelli served as Chief Financial Officer of Data Domain. Prior to joining Data Domain, Mr. Scarpelli served as Executive Vice President and Chief Financial Officer for Lexar Media, Inc., a flash memory manufacturer, from January 2006 until Lexar was acquired by Micron Technology, Inc. in August 2006. From January 2002 to December 2005, Mr. Scarpelli held senior positions at HPL Technologies, Inc., a provider of yield management software and test chip solutions, most recently as Senior Vice President and Chief Financial Officer. Mr. Scarpelli began his career at PricewaterhouseCoopers LLP from May 1989 to December 2001. Mr. Scarpelli holds a B.A. in Economics from the University of Western Ontario.

David L. Schneider has served as our Senior Vice President of Worldwide Sales and Services since June 2011. From July 2009 to June 2011, Mr. Schneider served as Senior Vice President of Worldwide Sales of the backup recovery systems division of EMC. From January 2004 to July 2009, Mr. Schneider held senior positions at Data Domain, most recently Senior Vice President of Worldwide Sales. Prior to joining Data Domain, Mr. Schneider served as Vice President of Alliances, Channel and OEM Sales for Borland Software from January 2003 to December 2003. From May 2002 to January 2003, Mr. Schneider served as Vice President of Western United States Sales for TogetherSoft Corporation (later acquired by Borland Software). From January 1999 to May 2002, Mr. Schneider was Western Regional Manager at Iona Technologies, Inc., an infrastructure software company. Mr. Schneider holds a B.A. in Political Science from the University of California, Irvine.

Arne Josefsberg has served as our Chief Technology Officer since September 2011. Prior to joining us, Mr. Josefsberg held various positions with Microsoft Corporation over the last 25 years, most recently as general manager of Windows Azure Infrastructure from November 2009 to September 2011, and as General Manager of Infrastructure Services, Global Foundation Services from March 2006 to October 2009. Mr. Josefsberg holds an M.S. in Physics from the Lund Institute of Technology in Sweden.

Daniel R. McGee has served as our Senior Vice President of Engineering since August 2011. From July 2009 to August 2011, Mr. McGee served as Senior Vice President of Engineering and Support of the Backup Recovery Systems Division of EMC. From February 2006 to July 2009, Mr. McGee held senior positions at Data Domain, most recently Senior Vice President of Engineering and Support. Prior to joining Data Domain, Mr. McGee served as Vice President of Engineering at Aventail Corporation from March 2004 to February 2006 and held various positions at Pinnacle Systems, Inc. from August 1999 to March 2004 including the joint position of Director of Network Solutions and General Manager of Distributed Broadcast Solutions. Mr. McGee holds a B.S. in Electrical Engineering & Computer Science from Oregon State University and an M.S. in Engineering Management from Stanford University.

Directors

Paul V. Barber has served on our board of directors since June 2005. In November 1998, Mr. Barber joined JMI Equity, a venture capital firm, where he now serves as a Managing General Partner. Mr. Barber also serves on the boards of directors of several private companies. From 1990 to 1998, Mr. Barber was the Managing Director and Head of the Software Investment Banking Practice at Alex. Brown & Sons. Mr. Barber received an A.B. in Economics from Stanford University and an M.B.A. from the Harvard Business School. Our board believes that Mr. Barber's management experience and his service on other boards of directors in the information technology industry, including his experience in finance, give him the breadth of knowledge and valuable understanding of our industry, which qualify him to serve as a member of our board of directors.

Ronald E. F. Codd has served on our board of directors since February 2012. Mr. Codd has been an independent business consultant since April 2002. From January 1999 to April 2002, Mr. Codd served as President, Chief Executive Officer and a director of Momentum Business Applications, Inc., an enterprise software company. From September 1991 to December 1998, Mr. Codd served as Senior Vice President of Finance and Administration and Chief Financial Officer of PeopleSoft, Inc. Mr. Codd has served as a member of the board of directors of Rocket Fuel, Inc. since February 2012. Mr. Codd has served on numerous information technology boards including most recently DemandTec, Inc., Interwoven, Inc. and Data Domain. Mr. Codd holds a B.S. in Accounting from the University of California, Berkeley and an M.M. in Finance and M.I.S. from the Kellogg Graduate School of Management at Northwestern University. Mr. Codd is also a member of the adjunct faculty at Golden Gate University in San Francisco, California. Our board believes that Mr. Codd's management experience and his software industry experience, including his experience in finance, give him the breadth of knowledge and valuable understanding of our industry which qualify him to serve as a member of our board of directors.

Douglas M. Leone has served on our board of directors since November 2009. Mr. Leone has been associated with Sequoia Capital, a venture capital firm, since July 1988 and has been a General Partner since 1993. Prior to joining Sequoia Capital, Mr. Leone held sales and sales management positions at Sun Microsystems, Inc., Hewlett-Packard Company and Prime Computer, Inc. Mr. Leone has serve on the board of directors of Aruba Networks, Inc. since 2002. Mr. Leone holds a B.S. in Mechanical Engineering from Cornell University, an M.S. in industrial engineering from Columbia University and an M.S. in Management from the Massachusetts Institute of Technology. Our board believes that Mr. Leone's investment experience in the Internet and software industries, as well as his background in sales and sales management, provide valuable insight regarding our business and qualify him to serve as a member of our board of directors.

Jeffrey A. Miller has served on our board of directors since February 2011. Mr. Miller has served as President and Chief Executive Officer of JAMM Ventures, a consulting and venture capital firm, since January 2002. From January 2002 to March 2006, Mr. Miller also served as a Venture Partner with Redpoint Ventures. Mr. Miller previously served on the board of directors of Data Domain from October 2006 to July 2009 and McAfee, Inc. from June 2008 to February 2011. Mr. Miller holds a B.S. in Electrical Engineering and Computer Science and an M.B.A. from Santa Clara University. Our board believes that Mr. Miller's consulting and investment experience and his service on the boards of directors of other companies in the information technology industry give him the appropriate set of skills which qualify him to serve as a member of our board of directors.

Charles E. Noell, III has served on our board of directors since February 2012. From January 1992 through December 2010, Mr. Noell served as President and Chief Executive Officer of JMI Services, Inc. and since December 2010 has served as President of JMI Services, LLC, each a family office. Mr. Noell co-founded JMI Equity, a venture capital firm, in 1992, has served as a General Partner since its founding and has served as a Venture Partner since 2007. Since March 1996, Mr. Noell has served as a member of the Executive Committee of Padres, Inc., the general partner of Padres L.P., the owner of the San Diego Padres Major League Baseball franchise. Mr. Noell holds a B.A. in History from the University of North Carolina at Chapel Hill and an M.B.A. from Harvard University. Our board believes that Mr. Noell's investment experience in the information technology industry gives him the breadth of knowledge and understanding of our industry which qualify him to serve as a member of our board of directors.

William L. Strauss has served on our board of directors since February 2011. Since September 2011, Mr. Strauss has served as Chief Executive Officer and director of Shoedazzle.com, Inc., an online fashion company. From November 1999 to September 2011, Mr. Strauss served as Chief Executive Officer and a director of Provide Commerce, Inc., an e-commerce marketplace of websites, which was acquired by Liberty Media Corporation in 2006. Mr. Strauss holds a B.A. in Accounting from Syracuse University. Our board believes that Mr. Strauss' management experience gives him the appropriate set of skills which qualify him to serve as a member of our board of directors.

Our executive officers are elected by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Board of Directors

The rules of the New York Stock Exchange require that a majority of the members of our board of directors be independent within specified periods following the closing of this offering. Our board of directors has determined that six of our directors are independent as determined under the rules of the New York Stock Exchange: Messrs. Barber, Codd, Leone, Miller, Noell and Strauss.

Pursuant to a voting agreement, Messrs. Barber, Leone, Luddy and Noell were appointed to our board of directors by certain of our stockholders. The voting agreement will terminate upon the closing of this offering. The current members of our board of directors will continue to serve as directors until their resignation or until their successors are duly elected.

Upon the closing of this offering, our restated certificate of incorporation will divide our board of directors into three classes, with staggered three-year terms:

- Class I directors, whose initial term will expire at the annual meeting of stockholders to be held in 2013;
- Class II directors, whose initial term will expire at the annual meeting of stockholders to be held in 2014; and
- Class III directors, whose initial term will expire at the annual meeting of stockholders to be held in 2015.

At each annual meeting of stockholders after the initial classification, the successors to directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election. Upon the closing of this offering, the Class I directors will consist of Messrs. Barber, Codd and Slootman; the Class II directors will consist of Messrs. Noell and Strauss; and the Class III directors will consist of Messrs. Leone, Luddy and Miller. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

In addition, under our restated certificate of incorporation and restated bylaws that will be effective upon the closing of this offering, (1) our board of directors may set the authorized number of directors and (2) only our board of directors may fill vacancies on our board of directors. Any director appointed to fill a vacancy shall serve for the remaining term of the directorship that would have been served by the director he or she replaced. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors.

The classification of our board of directors and provisions described above may have the effect of delaying or preventing changes in our control or management. See "Description of Capital Stock—Anti-Takeover Provisions—Restated Certificate of Incorporation and Restated Bylaw Provisions."

Board Leadership Structure

Our board of directors has an independent chairman, Mr. Barber. We believe that separation of the positions of chairman and chief executive officer reinforces the independence of our board of directors in its oversight of our business and affairs. In addition, we believe that having an independent board chairman creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability and improving the ability of our board of directors to monitor whether management's actions are in the best interests of our company and stockholders. As a result, we believe that having an independent board chairman enhances the effectiveness of the board of directors as a whole.

Role of the Board in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management are undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board Committees

Our board of directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which has the composition and responsibilities described below as of the closing of this offering. Members serve on these committees until their resignations or until otherwise determined by our board of directors.

Audit Committee

Our Audit Committee comprises Mr. Codd, who is the chair of the Audit Committee, and Messrs. Miller and Strauss. The composition of our Audit Committee meets the requirements for independence under the current New York Stock Exchange and SEC rules and regulations. Each member of our Audit Committee is financially literate. In addition, our board of directors has determined that Mr. Codd is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. The designation does not impose on Mr. Codd any duties, obligations or liabilities that are greater than are generally imposed on members of our Audit Committee and our board of directors. All audit services to be provided to us and all permissible non-audit services to be provided to us by our independent registered public accounting firm will be approved in advance by our Audit Committee. Our board of directors has adopted a revised charter for our Audit Committee. Our Audit Committee, among other things, will:

- select a firm to serve as the independent registered public accounting firm to audit our financial statements;
- help ensure the independence of the independent registered public accounting firm;
- discuss the scope and results of the audit with the independent registered public accounting firm, and review, with management and that firm, our interim and year-end operating results;
- develop procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- consider the adequacy of our internal accounting controls and audit procedures; and
- approve or, as permitted, pre-approve all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our Compensation Committee comprises Mr. Miller, who is the chair of the Compensation Committee, and Messrs. Barber and Leone. The composition of our Compensation Committee meets the requirements for independence under the current New York Stock Exchange and SEC rules and regulations. Each member of this committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. The purpose of our Compensation Committee is to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Our board of directors has adopted a revised charter for our Compensation Committee. Our Compensation Committee, among other things, will:

- review and approve, or recommend that our board of directors approve, the compensation of our executive officers;
- review and recommend to our board of directors the compensation of our directors;
- review and approve the terms of any material agreements with our executive officers;
- administer our stock and equity incentive plans;
- review and make recommendations to our board of directors with respect to incentive compensation and equity plans; and
- establish and review our overall compensation philosophy.

Nominating and Governance Committee

Our Nominating and Governance Committee comprises Mr. Strauss, who is the chair of the Nominating and Governance Committee, Mr. Codd and Mr. Noell. The composition of our Nominating and Governance Committee meets the requirements for independence under the current New York Stock Exchange and SEC rules and regulations. Our board of directors has adopted a charter for our Nominating and Governance Committee. Our Nominating and Governance Committee, among other things, will:

- identify, evaluate and recommend nominees to our board of directors and committees of our board of directors;
- conduct searches for appropriate directors;
- evaluate the performance of our board of directors;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review related party transactions and proposed waivers of the code of conduct;
- review developments in corporate governance practices; and
- evaluate the adequacy of our corporate governance practices and reporting.

We intend to post the charters of our Audit, Compensation and Nominating and Governance Committees, and any amendments that may be adopted from time to time, on our website.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee is an executive officer or employee of ours. None of our officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more officers serving as a member of our board of directors or Compensation Committee. We have had a compensation committee since October 2010. Prior to establishing the Compensation Committee, our full board of directors made decisions relating to compensation of our officers.

Code of Business Conduct and Ethics

Our board of directors has adopted written codes of business conduct and ethics that apply to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions. We intend to post the codes of business conduct and ethics, and any amendments that may be adopted from time to time, on our website.

Director Compensation

The following table sets forth information concerning the compensation that we paid or awarded during fiscal 2011 and the six months ended December 31, 2011 to each of our non-employee directors:

Name	Period	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
Paul V. Barber	*	—	—	—
	2011	—	—	—
Andrew M. Leitch(2)	*	20,000	—	20,000
	2011	20,000	165,140	185,140
Douglas M. Leone	*	—	—	—
	2011	—	—	
Jeffrey A. Miller	*	—	—	—
	2011	—	278,980	278,980
William L. Strauss	*	—	—	—
	2011	—	278,980	278,980

* Effective February 3, 2012, we changed our fiscal year-end from June 30 to December 31. Amounts in this row are for the six months ended December 31, 2011.

(1) Amounts listed represent the aggregate fair value amount computed as of the grant date of each option and award during fiscal year 2011 in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 12 to our consolidated financial statements. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our directors will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options.

(2) Mr. Leitch resigned from our board of directors in February 2012.

Messrs. Codd and Noell were elected to our board of directors in February 2012 and did not receive any compensation for fiscal 2011 or the six months ended December 31, 2011.

For fiscal 2011 and the six months ended December 31, 2011, our board of directors adopted a compensation policy for our non-employee directors who are not affiliated with any holder of more than 10% of our common stock. The policy provides for an annual board service retainer of $20,000 to the director serving as the chair of the Audit Committee, payable upon the appointment as chairman and annually thereafter. In addition, any newly appointed eligible non-employee director is entitled to receive a nonqualified stock option for 200,000 shares, which vests in equal monthly installments over four years.

In April 2012, we adopted a new non-employee director compensation policy that will be effective following the closing of this offering. Under the new policy, each non-employee director will receive a cash retainer of $25,000 per year and an annual stock option grant of 50,000 shares, vesting one year from the date of grant. In addition, any non-employee director acting as the chairperson of the Audit Committee, Compensation Committee or Nominating and Governance Committee will receive an annual cash retainer of $20,000, $10,000 and $5,000, respectively. Any non-employee director serving as a member of the Audit Committee, Compensation Committee or Nominating and Governance Committee, other than the chairperson, will receive an annual cash retainer of $5,000, $3,750 and $2,500, respectively. Further, any person first elected or appointed as a non-employee member of our board of directors following the closing of this offering will receive a stock option grant of 100,000 shares, vesting annually over three years. In connection with this policy, an initial stock option grant to purchase 100,000 shares with an exercise price equal to the initial public offering price, to vest annually over three years, will be awarded to each of Messrs. Barber, Leone and Noell on the date of this prospectus. No director shall be entitled to per-meeting fees.

All directors are also entitled to reimbursement for reasonable travel expenses incurred in attending meetings of our board of directors and committees of the board of directors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

The following discussion and analysis of compensation arrangements of our executive officers should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual amount and form of compensation and the compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

This section discusses the principles underlying our executive compensation policies and decisions and the most important factors relevant to an analysis of these policies and decisions. In addition, we explain how and why our board of directors and the Compensation Committee of our board of directors arrived at specific compensation policies and decisions involving our executive officers during fiscal 2011 and the six months ended December 31, 2011.

This Compensation Discussion and Analysis provides information about the material components of our executive compensation program for the following executive officers, to whom we refer collectively in this prospectus as the named executive officers.

- Frank Slootman, our President and Chief Executive Officer, or CEO;
- Michael P. Scarpelli, our Chief Financial Officer;
- Frederic B. Luddy, our Chief Product Officer;
- Arne Josefsberg, our Chief Technology Officer;
- David L. Schneider, our Senior Vice President of Worldwide Sales and Services;
- Daniel R. McGee, our Senior Vice President of Engineering; and
- Andrew J. Chedrick, our former Chief Financial Officer.

We hired Mr. Slootman as our President and CEO in May 2011. At that time, Mr. Luddy, our founder, who had been serving as our President and CEO, was appointed our Chief Product Officer. We hired Mr. Schneider as our Senior Vice President of Sales in June 2011.

We hired Mr. Scarpelli as our Chief Financial Officer in August 2011. At that time, Mr. Chedrick, who had been serving as our Chief Financial Officer, was appointed our Vice President, Finance. Mr. Chedrick resigned his position as an employee of our company effective January 2012.

We hired Mr. McGee as our Senior Vice President, Engineering in August 2011. We hired Mr. Josefsberg as our Chief Technology Officer in September 2011. To better reflect the scope of their roles and responsibilities, Mr. Schneider’s title was subsequently changed to Senior Vice President of Worldwide Sales and Services and Mr. McGee’s title was subsequently changed to Senior Vice President of Engineering.

Executive Compensation Philosophy and Objectives

We believe in providing a competitive total compensation package to our executive officers through a combination of base salary, performance-based bonuses, equity incentive awards and broad-based welfare and health benefit plans. Our executive compensation program is designed to achieve the following objectives:

- attract, motivate and retain executive officers of outstanding ability and potential;

- reward the achievement of key performance measures; and
- ensure that executive compensation is meaningfully related to the creation of stockholder value.

We believe that our executive compensation program should include short-term and long-term components, including cash and equity incentive compensation, and should reward consistent performance that meets or exceeds expectations. We evaluate both performance and compensation to make sure that the compensation provided to our executive officers remains competitive relative to compensation paid by companies of similar size operating in the software services industry, taking into account our relative performance and our own strategic objectives.

Executive Compensation Design

Our current executive compensation program reflects our stage of development as a privately-held company. Accordingly, the compensation of our executive officers, including the named executive officers, has consisted of base salary, quarterly and annual cash bonus opportunities, equity compensation in the form of stock options and certain employee welfare and health benefits.

The key component of our executive compensation program has been equity awards in the form of options to purchase shares of our common stock. As a privately-held company, we have emphasized the use of equity to provide incentives for our executive officers to focus on the growth of our overall enterprise value and, correspondingly, to create value for our stockholders. Until March 2012, we used stock options as our sole equity award vehicle for all of our employees. In March 2012, we issued restricted stock units, or RSUs, for the first time. We believe that stock options and RSUs offer our executive officers, including the named executive officers, a valuable long-term incentive that aligns their interests with the long-term interests of our stockholders. Going forward, as we deem appropriate, we may introduce other forms of stock-based compensation awards into our executive compensation program to offer our executive officers additional types of long-term equity incentives that further this objective.

We also offer cash compensation in the form of base salaries and quarterly and annual cash bonus opportunities. Typically, we have structured our cash bonus opportunities to focus on the achievement of specific short-term financial objectives that will further our longer-term growth objectives.

We have not adopted any formal policies or guidelines for allocating compensation between current and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation. Instead, our board of directors and, since October 2010, the Compensation Committee, have reviewed each component of executive compensation separately and also take into consideration the value of each executive officer’s compensation package as a whole and its relative size in comparison to our other executive officers.

As we transition from a privately-held company to a publicly-traded company, we will evaluate our philosophy and compensation programs as circumstances require. At a minimum, we will review executive compensation annually. As part of this review process, we expect to apply our values and the objectives outlined above, while considering the compensation levels needed to ensure our executive compensation program remains competitive. We will also review whether we are meeting our retention objectives and the potential cost of replacing a key employee.

Executive Compensation Process

Role of the Compensation Committee. The Compensation Committee, which is currently composed entirely of independent directors, was established in October 2010. Prior to establishing the Compensation Committee, our board of directors made all decisions concerning the compensation of our executive officers.

Upon establishing the Compensation Committee, our board of directors delegated to it responsibility for reviewing and approving the compensation of our executive officers. The role of the Compensation Committee was to oversee our compensation and benefit plans and policies, to administer our equity incentive plans, and to annually review and approve or recommend to the board of directors for approval of the compensation decisions for our executive officers, including the named executive officers.

Historically, the board of directors or the Compensation Committee, as applicable, conducted a review of the aggregate level of our executive compensation, as well as the mix of elements used to compensate our executive officers. As a privately-held company, we based this review primarily on the experience of the non-employee members of our Compensation Committee and board of directors that are affiliated with venture investment firms and who sit on the boards of directors of other companies in the software and information technology sectors.

Role of Executive Officers. Historically, our CEO evaluated the performance of our executive officers (other than his own performance) on an annual basis and made recommendations to our board of directors or the Compensation Committee, as applicable, with respect to base salary adjustments, target bonus opportunities, actual bonus payments and equity incentive awards. Our CEO intends to continue this practice going forward.

While the Compensation Committee considered these recommendations in its deliberations, it exercised its own independent judgment in approving the executive compensation of our executive officers.

Role of Compensation Consultant. In November 2010, the Compensation Committee retained Compensia, Inc., or Compensia, a national compensation consulting firm, to assist it in developing our overall executive compensation program. Among other things, the Compensation Committee directed Compensia to provide its analysis of whether our existing compensation strategy and practices were consistent with our compensation objectives and to assist it in modifying our compensation program for executive officers to better achieve our objectives. As part of its duties, Compensia has performed the following projects for the Compensation Committee:

- assisted in the development of a compensation peer group;
- provided compensation data for similarly-situated executive officers at our peer group companies; and
- updated the Compensation Committee on emerging trends and best practices in the area of executive compensation.

Compensia does not provide any other services to us.

Competitive Positioning

Prior to the Compensation Committee's engagement of Compensia, our board of directors used publicly-available data relating to the compensation practices and policies of other companies within and outside our industry as a reference source in determining executive compensation. Typically, our board of directors applied its subjective judgment to make compensation decisions and did not formally benchmark our executive compensation against any particular group of companies or use a formula to set our executive officers' compensation in relation to this data.

In connection with its engagement, the Compensation Committee directed Compensia to assist it in the development of a compensation peer group. Compensia provided the Compensation Committee with a recommended list of peer companies for its consideration. This recommended list consisted of companies with a SaaS business model that Compensia and the Compensation Committee determined compete with us for talent, are in the same geographical area and have a similar number of employees.

In February 2011, the Compensation Committee reviewed the following companies as the peer group to be used as a reference source in its executive compensation deliberations:

Art Technology Group Inc.	Constant Contact, Inc.
DemandTec, Inc.	Guidance Software, Inc.
IntraLinks Holdings, Inc.	Kenexa Corporation
LivePerson, Inc.	LogMeIn, Inc.
NaviSite, Inc.	NetSuite Inc.
OpenTable, Inc.	RealPage, Inc.
RightNow Technologies, Inc.	SuccessFactors, Inc.
Support.com, Inc.	Vocus, Inc.

Following the development of the peer group, Compensia provided the Compensation Committee and our CEO data and analysis of the executive compensation practices of the companies included in the peer group. As the Compensation Committee and CEO negotiated the employment agreements of our named executive officers in 2011, the information from Compensia was considered as part of the overall mix of information available to the Compensation Committee and our CEO. However, the elements of executive compensation, and the amounts of compensation agreed to, for each named executive officer were determined as a result of arms-length negotiations with the executive officers, and not as a result of any benchmarking against the peer group. In the future, the Compensation Committee may elect to formally benchmark the compensation of the named executive officers against a peer group of companies, and intends to review the peer group at least annually and make adjustments to its composition as necessary.

Elements of Executive Compensation

The compensation program for our executive officers consists of three principal components:

- base salary;
- performance-based and discretionary bonuses; and
- equity incentive compensation.

Base Salary. The initial base salaries of our executive officers have been established through arm's-length negotiation at the time the individual was hired, taking into account his or her qualifications, experience, the scope of his or her responsibilities, the competitive market compensation paid by other companies for similar positions within the industry and the base salaries of our other executive officers.

Thereafter, the base salaries of our executive officers, including the named executive officers, are reviewed annually, typically in connection with our annual performance review process, and adjusted from time to time to realign them with market levels after taking into account individual responsibilities, performance and experience. In making decisions regarding base salary adjustments, we may also draw upon the experience of members of our board of directors with other companies. The Compensation Committee has not previously applied specific formulas to determine base salary adjustments, although it may set future adjustments as a percentage of an executive officer's then-current base salary.

The salaries paid to the named executive officers who were with our company in fiscal 2010 and 2011 were as follows:

Named Executive Officer	Fiscal 2010 Salary	Fiscal 2011 Salary
Frederic B. Luddy	$ 330,000	$ 330,000
Andrew J. Chedrick	255,000	255,000

In May 2011, we hired Mr. Slootman as our President and Chief Executive Officer. At that time, our board of directors set his annual base salary at $300,000. This amount was determined as part of the arm's-length negotiation of the terms of Mr. Slootman's employment, which was conducted on our behalf by members of the Compensation Committee and subsequently approved by our board of directors.

In June 2011, we hired Mr. Schneider as our Senior Vice President of Sales. At that time, the Compensation Committee set his annual base salary at $250,000. This amount was determined as part of the arm's-length negotiation of the terms of Mr. Schneider's employment, which was conducted on our behalf by our CEO and subsequently approved by the Compensation Committee.

In July 2011, the board of directors, based on the recommendation of the Compensation Committee, approved an adjustment to the base salary of Mr. Luddy from $330,000 to $300,000 to better reflect the scope of his role and responsibilities with our company. No changes were made to the base salaries of our CEO or Messrs. Chedrick and Schneider.

In August 2011, we hired Mr. Scarpelli as our Chief Financial Officer. At that time, the Compensation Committee set his annual base salary at $275,000. This amount was determined as part of the arm's-length negotiation of the terms of Mr. Scarpelli's employment, which was conducted on our behalf by our CEO and subsequently approved by the Compensation Committee.

In August 2011, we hired Mr. McGee as our Senior Vice President, Engineering. At that time, the Compensation Committee set his annual base salary at $260,000. This amount was determined as part of the arm's-length negotiation of the terms of Mr. McGee's employment, which was conducted on our behalf by our CEO and subsequently approved by the Compensation Committee.

In August 2011, we hired Mr. Josefsberg as our Chief Technology Officer. At that time, the Compensation Committees set his annual base salary at $275,000. This amount was determined as part of the arm's-length negotiation of the terms of Mr. Josefsberg's employment, which was conducted on our behalf by our CEO and subsequently approved by the Compensation Committee.

The salaries paid to the named executive officers during the six months ended December 31, 2011 and fiscal 2011 are set forth in "—Summary Compensation Table" below.

Cash Bonuses. We provide our executive officers, including the named executive officers, with the opportunity to earn quarterly and annual cash bonuses to encourage the achievement of corporate and individual objectives and to reward those individuals who significantly impact our corporate results. Our board of directors and, since October 2010, the Compensation Committee determine and approve our quarterly and annual bonus decisions.

For fiscal 2011, our board of directors adopted a bonus plan providing an opportunity for certain key employees, including our executive officers, to earn quarterly and annual cash bonuses. Beginning in October 2010, this bonus plan was administered by the Compensation Committee.

Fiscal 2011 Quarterly Bonuses. Under the fiscal 2011 bonus plan, the quarterly target bonus of each executive officer was equal to the product of (i) a dollar amount representing the maximum amount that the executive officer may be paid as a quarterly bonus payment, or the Target Quarterly Bonus, multiplied by (ii) a percentage representing the overall achievement of the target levels for the two performance measures for the quarter, or the Performance Goal Achievement. The Target Quarterly Bonus, the performance measures and related target levels, and the method for determining the Performance Goal Achievement for each executive officer were determined by our board of directors or the Compensation Committee, as applicable, after taking into consideration the recommendations of our CEO (for executive officers other than the CEO) at the time the performance measures and related target levels were determined for the executive officer.

Each of the named executive officers was eligible to receive a quarterly bonus. The Target Quarterly Bonus for Mr. Luddy was $75,000, while the Target Quarterly Bonus for Mr. Chedrick was $30,000. The Target Quarterly Bonuses for Messrs. Slootman and Schneider were $37,500 and $17,123, respectively, reflecting the portion of the fourth quarter of fiscal 2011 during which they were employed by us.

For purposes of the fiscal 2011 bonus plan, our board of directors selected year-to-date consolidated revenues and year-to-date consolidated adjusted earnings before interest and taxes, or adjusted EBIT, as the two corporate performance measures that best supported our annual operating plan and enhanced long-term value creation. For purposes of the fiscal 2011 bonus plan, adjusted EBIT meant consolidated net income as calculated under generally accepted accounting principles, adjusted to eliminate interest, provision for taxes, stock-based compensation expense, financial exchange gain or loss, and expenses incurred in connection with our preparation for an initial public offering of our equity securities.

For fiscal 2011, the target levels for these two performance measures were set as follows:

Quarter	Revenue Target Level	Adjusted EBIT Target Level
July 1, 2010—September 30, 2010	$15,248,000	$ 1,045,000
October 1, 2010—December 31, 2010	33,070,000	1,505,000
January 1, 2011—March 31, 2011	54,001,000	3,897,000
April 1, 2011—June 30, 2011	79,142,000	9,097,000

Our board of directors believed that achieving the target levels for these two performance measures would require a focused and consistent effort by our executive officers throughout fiscal 2011.

The Performance Goal Achievement for each quarter was the average of the performance achievement of each of the two performance goals described above (weighted equally) for such quarter. The level of achievement of each of the two performance goals was determined as follows:

If the actual company performance for the quarter was . . .	Then the performance goal achievement for such quarter was . . .
Equal to or greater than the corresponding target performance goal measure	100%
90% or greater but less than 100% of the corresponding target performance goal measure	50%-100%(1)
Less than 90% of the target performance goal measure	0%

(1) Between these values, determined on a straight-line basis.

The following table provides information regarding the quarterly bonus awards earned by the named executive officers who were with our company during fiscal 2011:

	Performance Period	Target Quarterly Bonus	Performance Goal Achievement	Actual Quarterly Bonus
Frederic B. Luddy	First Quarter	$ 75,000	100%	$ 75,000
	Second Quarter	75,000	100	75,000
	Third Quarter	75,000	100	75,000
	Fourth Quarter	75,000	100	75,000
				$ 300,000
Andrew J. Chedrick	First Quarter	$ 30,000	100%	$ 30,000
	Second Quarter	30,000	100	30,000
	Third Quarter	30,000	100	30,000
	Fourth Quarter	30,000	100	30,000
				$ 120,000
Frank Slootman	First Quarter	$ —	—%	$ —
	Second Quarter	—	—	—
	Third Quarter	—	—	—
	Fourth Quarter	37,500	100	37,500
				$ 37,500
David L. Schneider	First Quarter	$ —	—%	$ —
	Second Quarter	—	—	—
	Third Quarter	—	—	—
	Fourth Quarter	17,123	100	17,123
				$ 17,123

Fiscal 2011 Annual Bonuses. Under the fiscal 2011 bonus plan, our executive officers were also eligible to receive an annual bonus award. The Compensation Committee established a maximum bonus pool of $400,000. The actual amount available for payment as annual bonuses was based on a percentage of the difference between the increase in annual contract value for fiscal 2011 and the increase in annual contract value for fiscal 2010, and was $272,490. Messrs. Luddy and Chedrick, in their sole discretion after consulting with the Compensation Committee and other members of management as to the amount available for such bonuses, determined the amount of the annual bonus award for themselves and each other executive officer based on their subjective assessment of the individual performance of each executive officer for fiscal 2011. The determinations were subject to the final approval of the Compensation Committee.

Messrs. Luddy and Chedrick were eligible to receive annual bonus awards for fiscal 2011. In approving their individual annual bonuses, the Compensation Committee took into consideration the overall performance of each executive officer for the fiscal year, including his contributions to our company's overall success. The annual bonus amounts received by Messrs. Luddy and Chedrick for fiscal 2011 were $91,840 and $54,670, respectively.

Since they did not join our company until late in the fiscal year, Mr. Slootman and Mr. Schneider did not receive an annual bonus award for fiscal 2011.

Six Months Ended December 31, 2011 Quarterly Bonuses. In July 2011, upon the recommendation of the Compensation Committee, our board of directors adopted a new bonus plan providing an opportunity for our executive officers, including the named executive officers, to earn quarterly cash bonuses based on corporate performance.

The amount of the bonus for each executive officer was equal to the product of (i) such executive officer's Target Quarterly Bonus multiplied by (ii) the bonus payout percentage for the applicable quarter. The bonus payout percentage for each quarter was based on the increase in annual contract value during such quarter compared to the target increase in annual contract value during such quarter as set forth in our annual operating plan as follows.

If the actual company performance for the quarter was . . .	Then the bonus payout percentage for such quarter was . . .
Greater than the target increase in annual contract value	Greater than 100%(1)
80% or greater but less than or equal to 100% of the target increase in annual subscription value	0%-100%(2)
Less than 80% of the target increase in annual contract value	0%

(1) By an amount equal to two times the corresponding percentage of overachievement.
(2) Between these two values, determined on a straight-line basis.

In addition, the Compensation Committee had the discretion to adjust an individual bonus payout based on its evaluation of an executive officer's individual performance or other corporate financial objectives.

The Compensation Committee selected increase in annual contract value as the appropriate corporate performance measure for the bonus plan since, in its view, it was the best indicator of our successful execution of our annual operating plan as we began to aggressively grow our business, as well as a measure of our ability to build a consistent revenue stream. The Compensation Committee set the target increase in annual contract value levels for the quarters from July 1, 2011 through September 30, 2011 and October 1, 2011 through December 31, 2011 at levels that would be difficult to achieve, in order to encourage a coordinated effort by our executive officers to identify and secure a significant number of existing and new customer relationships in a volatile economic environment. As evidence of the challenging nature of the increase in annual contract value measure, the target levels established for each quarter were our most aggressive to date and represented significant increases in the target levels for this measure as reflected in our annual operating plan in previous fiscal years. As further evidence of the challenging nature of these target levels, we fully achieved the target level in only one of the two quarters.

The following table provides information regarding the quarterly bonus awards earned by the named executive officers for the six months ended December 31, 2011.

	Performance Period	Target Quarterly Bonus	Bonus Payout Percentage	Actual Quarterly Bonus
Frank Slootman	7/1/11-9/30/11	$ 75,000	36%	$ 26,978
	10/1/11-12/31/11	75,000	119	89,240
				$ 116,218
Michael P. Scarpelli	7/1/11-9/30/11	$ 22,351	36%	$ 8,040
	10/1/11-12/31/11	43,750	119	52,057
				$ 60,097
Frederic B. Luddy	7/1/11-9/30/11	$ 75,000	36%	$ 26,978
	10/1/11-12/31/11	75,000	119	89,240
				$ 116,218
Arne Josefsberg	7/1/11-9/30/11	$ 4,402	36%	$ 1,583
	10/1/11-12/31/11	33,750	119	40,158
				$ 41,741
David L. Schneider	7/1/11-9/30/11	$ 62,500	36%	$ 22,482
	10/1/11-12/31/11	62,500	119	74,367
				$ 96,849
Daniel R. McGee	7/1/11-9/30/11	$ 17,880	36%	$ 6,432
	10/1/11-12/31/11	35,000	119	41,645
				$ 48,077

The Target Quarterly Bonuses for Messrs. Scarpelli, Josefsberg and McGee were pro-rated to reflect their employment for a portion of the quarter ended September 30, 2011.

The cash bonuses earned by the named executive officers during six months ended December 31, 2011 and fiscal 2011 are set forth in "—Summary Compensation Table" below.

Equity Incentive Compensation. We use equity awards to motivate and reward our executive officers, including the named executive officers, for long-term corporate performance based on the value of our common stock and, thereby, to align the interests of our executive officers with those of our stockholders. Through December 31, 2011, these equity awards have been granted in the form of stock options to purchase shares of our common stock. We believe that stock options, when granted with exercise prices equal to the fair market value of our common stock on the date of grant, provide an appropriate long-term incentive for our executive officers, because the stock options reward them only to the extent that our stock price grows and stockholders realize value following their grant date.

Historically, the size and form of the initial equity awards for our executive officers have been established through arm's-length negotiation at the time the individual was hired. In making these awards, the Compensation Committee considered, among other things, the prospective role and responsibility of the individual executive, competitive factors, the cash compensation to be received by the executive officer, and the need to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

Prior to this offering, we have granted stock options through our 2005 Stock Plan, which was adopted by our board of directors and approved by our stockholders to permit the grant of stock options, stock bonuses, and restricted stock awards to our executive officers, directors, employees, and consultants. The material terms of our 2005 Stock Plan are further described under "—Employee Benefit Plans" below.

In July 2010, our board of directors approved the grant of a stock option to purchase 300,000 shares of our common stock to Mr. Chedrick. This stock option had an exercise price equal to $1.50 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. Our board of directors determined the size of this stock option grant based on its review of the recommendations of our then-chief executive officer and its subjective assessment of the value of the total compensation package that it wanted to deliver to Mr. Chedrick for fiscal 2011 and the appropriate value of the long-term incentive compensation component of this package. Our board of directors decided not to grant Mr. Luddy a stock option in view of his significant equity stake in our company.

In May 2011, in connection with his joining our company as our President and Chief Executive Officer, the Compensation Committee approved the grant to Mr. Slootman of a stock option to purchase 6,550,456 shares of our common stock, with an exercise price equal to $2.60 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. This stock option grant is discussed in more detail in "—Grants of Plan-Based Awards Table" below.

In July 2011, in connection with his joining our company as our Senior Vice President of Sales, the Compensation Committee approved the grant to Mr. Schneider of a stock option to purchase 1,379,044 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. In September 2011, our board of directors also approved the grant to Mr. Schneider of a stock option to purchase 275,808 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, subject to a performance-based vesting schedule. This performance-based stock option vests on the same four-year vesting schedule as the time-based stock option, subject to an initial determination by the Compensation Committee as to our achievement of our worldwide sales goal for the twelve months ended June 30, 2012. If this worldwide sales goal is not achieved, the total number of shares that will vest under this option will be reduced such that: if the worldwide sales goal is achieved at less than an 80% level, no shares will vest; if the worldwide sales goal is achieved at the 100% level, 100% of the shares will vest; and if the worldwide sales goal is achieved at a level between 80% and 100%, between 0% and 100% will vest determined on a straight-line basis. These stock option grants are discussed in more detail in "—Grants of Plan-Based Awards Table" below.

In August 2011, in connection with his joining our company as our Chief Financial Officer, the Compensation Committee approved the grant to Mr. Scarpelli of a stock option to purchase 1,379,044 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. In September 2011, the Compensation Committee also approved the grant to Mr. Scarpelli of a fully-vested stock option to purchase 275,808 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on that date. These stock option grants are discussed in more detail in "—Grants of Plan-Based Awards Table" below.

In August 2011, in connection with his joining our company as our Senior Vice President, Engineering, the Compensation Committee approved the grant to Mr. McGee of a stock option to purchase 1,200,000 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. This stock option grant is discussed in more detail in "—Grants of Plan-Based Awards Table" below.

In September 2011, in connection with his joining our company as our Chief Technology Officer, the Compensation Committee approved the grant to Mr. Josefsberg of a stock option to purchase 1,350,000 shares of our common stock, with an exercise price equal to $3.00 per share, the fair market value of our common stock as determined by our board of directors on the date of grant, and a four-year time-based vesting schedule. This stock option grant is discussed in more detail in "—Grants of Plan-Based Awards Table" below.

In the absence of a public trading market for our common stock, our board of directors determined the fair market value of our common stock in good faith based upon consideration of a number of relevant factors, including the status of our development efforts, financial status and market conditions. See "Management's Discussion and Analysis—Critical Accounting Policies and Significant Judgments and Estimates—Common Stock Valuation"

Equity Award Grant Policy. Each of the stock options granted to our employees is granted with an exercise price that is equal to the fair market value of our common stock on the date of grant. The stock options granted to our executive officers typically vest either over four years, with one quarter of the shares subject to the option vesting on the first anniversary of the vesting commencement date and the remaining shares subject to the option vesting in equal monthly installments thereafter over three years, or over four years in equal monthly installments. Generally, stock options have a 10-year term.

We do not have any program, plan or obligation that requires us to grant equity compensation on specified dates. However, we typically make equity grants on the 7th day of each month. Because we have not been a publicly-traded company, we have not made equity awards in connection with the release or withholding of material non-public information.

The equity awards granted to the named executive officers during the period from July 1, 2011 through December 31, 2011 and fiscal 2011 are set forth in "—Summary Compensation Table" and "—Grants of Plan-Based Awards Table" below.

New Equity Incentive Plans. In connection with this offering, our board of directors has adopted a new equity incentive plan as described under "—Employee Benefit Plans" below. This equity incentive plan will replace our existing 2005 Stock Plan immediately upon the signing of the underwriting agreement for this offering and, as described below, will afford the Compensation Committee much greater flexibility in making a wide variety of equity awards. For example, the new equity incentive plan authorizes the grant of stock appreciation rights if the Compensation Committee deems it advisable to do so.

Our board of directors has also adopted a new employee stock purchase plan for our employees, including our executive officers. This employee stock purchase plan will become effective upon the closing of this offering.

Welfare and Other Employee Benefits. We have established a tax-qualified Section 401(k) retirement plan for all our U.S. employees, including our executive officers, who satisfy certain eligibility requirements, including requirements relating to age and length of service. We currently do not match any contributions made to the plan by our employees, including executive officers. We intend for the plan to qualify under Section 401(a) of the Code so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan.

In addition, we provide other benefits to our executive officers on the same basis as all of our full-time employees. These benefits include health, dental and vision benefits, health and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance coverage.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices, the competitive market and our employees' needs.

Perquisites and Other Personal Benefits. Historically, we have not provided perquisites and other personal benefits to our executive officers. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation or retention purposes. We do not expect that these perquisites or other personal benefits will be a significant aspect of our executive compensation program. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

Employment Agreements

We have entered into employment agreements with our CEO and the other current named executive officers (other than Messrs. Luddy and Chedrick). Each of these arrangements provides for “at will” employment and sets forth the initial terms and conditions of employment of each executive officer, including base salary, target annual bonus opportunity, standard employee benefit plan participation, a recommendation for an initial stock option grant, opportunities for post-employment compensation and vesting acceleration terms. These offers of employment were each subject to execution of a standard proprietary information and invention agreement and proof of identity and work eligibility in the United States.

Each of these arrangements was approved on our behalf by the Compensation Committee or the board of directors at the recommendation of the Compensation Committee. We believe that these arrangements were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling our executive positions, the Compensation Committee was aware that, in some situations, it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business in a unique market niche. Accordingly, it recognized that it would need to develop competitive compensation packages to attract qualified candidates in a dynamic labor market. At the same time, the Compensation Committee was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

For a summary of the material terms and conditions of this employment arrangements, see “—Employment Arrangements” below.

Post-Employment Compensation

The employment agreements of our CEO and Messrs. Scarpelli, Josefsberg, Schneider and McGee provide for certain protection in the event of their termination of employment under specified circumstances, including following a change in control of our company. We believe that these protections were necessary to induce these individuals to forego other opportunities or leave their current employment for the uncertainty of a demanding position in a new and unfamiliar organization. We also believe that these arrangements serve our executive retention objectives by helping these named executive officers to maintain continued focus and dedication to their responsibilities to maximize stockholder value, including in the event that there is a potential transaction that could involve a change in control of our company. The terms of these arrangements were determined by the Compensation Committee following an analysis of relevant market data for other companies with whom we compete for executive talent.

For a summary of the material terms and conditions of our post-employment compensation arrangements, see “—Potential Payments upon Termination or Change of Control” below.

Other Compensation Policies

Stock Ownership Guidelines. We have not implemented a policy regarding minimum stock ownership requirements for our executive officers.

Compensation Recovery Policy. Currently, we have not implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executive officers and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. We intend to adopt a general compensation recovery, or clawback, policy covering our annual and long-term incentive award plans and arrangements once we are a publicly-traded company and after the SEC adopts final rules implementing the requirement of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Derivatives Trading and Hedging Policy. We have adopted a policy prohibiting the trading of derivatives or the hedging of our equity securities by our employees, including our executive officers, and directors.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Code generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of $1 million paid to the chief executive officer and each of the three other most highly-compensated executive officers (other than the chief financial officer) in any taxable year. Generally, remuneration in excess of $1 million may only be deducted if it is “performance-based compensation” within the meaning of the Code. In this regard, the compensation income realized upon the exercise of stock options granted under a stockholder-approved stock option plan generally will be deductible so long as the options are granted by a committee whose members are non-employee directors and certain other conditions are satisfied.

Because we are not currently publicly-traded, our board of directors has not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation for our executive officers. We expect that, where reasonably practicable, the Compensation Committee will seek to qualify the variable compensation paid to our executive officers for the “performance-based compensation” exemption from the deductibility limit. As such, in approving the amount and form of compensation for our executive officers in the future, we will consider all elements of our cost of providing such compensation, including the potential impact of Section 162(m). In the future, the Compensation Committee may, in its judgment, authorize compensation payments that do not comply with an exemption from the deductibility limit when it believes that such payments are appropriate to attract and retain executive talent.

Taxation of “Parachute” Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of our company that exceeds certain prescribed limits, and that we (or our successor) may forfeit a deduction on the amounts subject to this additional tax. We did not provide any executive officer, including any named executive officer, with a “gross-up” or other reimbursement payment for any tax liability that the executive officer might owe as a result of the application of Sections 280G or 4999 during 2011, and we have not agreed and are not otherwise obligated to provide any executive officer with such a “gross-up” or other reimbursement.

Accounting for Stock-Based Compensation

We follow Financial Accounting Standard Board Accounting Standards Codification, or ASC, Topic 718 for our stock-based compensation awards. ASC 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, based on the grant date “fair value” of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards.

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Compensation-Related Risk

Our board of directors is responsible for the oversight of our risk profile, including compensation-related risks. Our board of directors monitors our compensation policies and practices as applied to our employees to ensure that these policies and practices do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.

Summary Compensation Table

The following table presents summary information regarding the total compensation awarded to, earned by, or paid to each of our named executive officers for services rendered in all capacities for the six months ended December 31, 2011 and fiscal 2011.

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Option Awards(2) ($)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation(4) ($)	Total ($)
Frank Slootman,	*	150,000	—	—	116,218	—	266,218
President and Chief Executive Officer(5)	2011	52,500	—	8,527,384	37,500	—	8,617,384
Michael P. Scarpelli,	*	104,183	—	3,342,968	60,097	—	3,507,248
Chief Financial Officer(6)	2011	—	—	—	—	—	—
Frederic B. Luddy,	*	152,500	—	—	116,218	2,040	270,758
Chief Product Officer(7)	2011	330,000	91,840	—	300,000	3,840	725,680
Arne Josefsberg,	*	79,327	—	3,105,270	41,741	—	3,226,338
Chief Technology Officer(8)	2011	—	—	—	—	—	—
David L. Schneider,	*	125,000	—	3,690,379	96,849	—	3,912,228
Senior Vice President of Worldwide Sales and Services(9)	2011	18,109	—	—	17,123	—	35,232
Daniel R. McGee,	*	98,500	—	2,726,280	48,077	—	2,872,857
Senior Vice President, Engineering and Support(10)	2011	—	—	—	—	—	—
Andrew J. Chedrick,	*	127,500	5,000	—	89,670	2,040	224,210
former Chief Financial Officer and Vice President, Finance(11)	2011	255,000	54,670	247,380	120,000	3,840	680,890

* In February 2012, we changed our fiscal year-end from June 30 to December 31. The amounts reported in this row represent the compensation awarded to, earned by, and paid to the named executive officers for the six months ended December 31, 2011.

(1) The amounts reported in the Bonus column represent the annual bonuses paid to the named executive officers, except for the amount reported for Mr. Chedrick for the six months ended December 31, 2011, which is a discretionary bonus.

(2) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to the named executive officers during fiscal 2011 and during the six months ended December 31, 2011 as computed in accordance with FASB ASC 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 12 to our consolidated financial statements. The amounts reported in this column exclude the impact of estimated forfeitures

(footnotes continue on next page)

related to service-based vesting conditions, reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by the named executive officers from the options.

(3) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the quarterly bonuses paid to the named executive officers.
(4) The amounts reported includes the payment of premiums for health insurance coverage.
(5) Mr. Slootman became our President and Chief Executive Officer in May 2011.
(6) Mr. Scarpelli became our Chief Financial Officer in August 2011.
(7) Mr. Luddy served as our President and Chief Executive Officer until May 2011, at which time he was appointed our Chief Product Officer.
(8) Mr. Josefsberg became our Chief Technology Officer in September 2011.
(9) Mr. Schneider became our Senior Vice President of Worldwide Sales and Services in June 2011.
(10) Mr. McGee became our Senior Vice President, Engineering in August 2011.
(11) Mr. Chedrick served as our Chief Financial Officer until August 2011, at which time he became our Vice President, Finance.

Grants of Plan-Based Awards Table

The following table presents, for each of the named executive officers, information concerning each grant of a cash or equity award made during fiscal 2011 and the six months ended December 31, 2011. This information supplements the information about these awards set forth in "—Summary Compensation Table."

Named Executive Officer	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (Target) ($)	All Other Option Awards: Number of Securities Underlying Options[1] (#)	Exercise or Base Price of Option Awards[2] ($/sh)	Grant Date Fair Value of Stock and Option Awards[3] ($)
Frank Slootman	—	150,000[4]	—	—	—
	—	37,500[5]	—	—	—
	05/06/2011	—	6,550,456	2.60	8,527,384
Michael P. Scarpelli	—	66,101[4]	—	—	—
	08/15/2011	—	1,379,044	3.00	3,133,050
	09/09/2011	—	275,808	3.00	209,917
Frederic B. Luddy	—	150,000[4]	—	—	—
	—	300,000[5]	—	—	—
Arne Josefsberg	—	38,152[4]	—	—	—
	09/22/2011		1,350,000	3.00	3,105,270
David L. Schneider	—	125,000[4]	—	—	—
	07/22/2011	—	1,379,044	3.00	3,080,926
	—	17,123[5]	—	—	—
	09/09/2011	—	275,808[6]	3.00	609,453
Daniel R. McGee	—	52,880[4]	—	—	—
	08/15/2011	—	1,200,000	3.00	2,726,280
Andrew J. Chedrick	07/16/2010	—	300,000	1.50	247,380
	—	120,000[5]	—	—	—

(1) All stock options were granted under our 2005 Stock Plan with a four-year time-based vesting schedule, subject to acceleration as described in "—Potential Payments upon Termination or Change in Control."
(2) Represents the per share fair market value of our common stock, as determined in good faith by our board of directors on the grant date.
(3) Represents the aggregate fair value amount computed as of the grant date of each stock option in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 12 to our consolidated financial statements. As required by SEC rules, the amounts reported exclude the impact of estimated forfeitures related to service-based vesting conditions. The named executive officers will only realize compensation to the extent the market price of our common stock is greater than the exercise price of such stock options.
(4) Represents the target award payable under our company's bonus plan for the six-month period from July 1, 2011 through December 31, 2011.
(5) Represents the target award payable under our company's bonus plan for fiscal 2011.
(6) The vesting of this option is subject to an initial determination by our Compensation Committee as to our achievement of our worldwide sales goal for the twelve months ending June 30, 2012. If this worldwide sales goal is not achieved, the total number of shares that will

(footnotes continue on next page)

vest under this option will be reduced such that: if the worldwide sales goal is achieved at less than an 80% level, no shares will vest; if the worldwide sales goal is achieved at the 100% level, 100% of the shares will vest; and if the worldwide sales goal is achieved at a level between 80% and 100%, between 0% and 100% will vest determined on a straight-line basis.

Outstanding Equity Awards at December 31, 2011 Table

The following table presents, for each of the named executive officers, information regarding outstanding stock options and other equity awards held as of December 31, 2011.

		Option Awards			Stock Awards	
Name	Grant Date[(1)]	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[(6)]
Frank Slootman	5/6/2011	6,350,456[(2)]	2.60	05/05/2021	200,000[(3)]	3,200,000
Michael P. Scarpelli	8/15/11	1,379,044[(2)]	3.00	08/14/2021	—	—
Frederic B. Luddy	9/9/09	240,000[(4)]	0.34	09/9/2019	—	—
Arne Josefsberg	9/22/11	1,350,000[(2)]	3.00	09/21/2021	—	—
David L. Schneider	7/22/11	1,379,044[(2)]	3.00	07/21/2021	—	—
	9/9/11	275,808[(2)(7)]	3.00	09/08/2021	—	—
Daniel R. McGee	8/15/11	1,200,000[(2)]	3.00	08/14/2021	—	—
Andrew J. Chedrick	2/7/07	220,000[(2)(8)]	0.03	2/7/2017	—	—
	7/16/10	300,000[(5)]	1.50	7/15/2020	—	—

(1) All of the outstanding equity awards described below were granted under our 2005 Stock Plan.

(2) These stock options are immediately exercisable in full, subject to a right of repurchase in our favor, which lapses as the shares of our common stock underlying the option vests. The option shares vest over a four-year period as follows: 25% of the shares of our common stock underlying the options vest on the first anniversary of the individual's employment commencement date and, thereafter, the remaining shares of our common stock underlying the options vest in 36 equal monthly installments over the next three years provided that the named executive officer continues to be employed by or otherwise provides services to our company. In addition, the vesting of these stock options may be accelerated in the event of a change in control of our company as provided in the named executive officer's employment agreement.

(3) Mr. Slootman has exercised his outstanding stock option with respect to 200,000 shares of our common stock. These shares are subject to a right of repurchase in our favor which expires on May 12, 2012.

(4) This stock option is immediately exercisable in full, subject to a right of repurchase in our favor which lapses as the shares of our common stock underlying the option vest. The option shares vest over a four-year period as follows: 1/48th of the shares of our common stock underlying the option vest on the first day of each month following July 1, 2009 for Mr. Luddy, provided that he continues to be employed by or otherwise provides services to our company on each such vesting date. In addition, the vesting of 100% of the option shares would have been accelerated had a change in control of our company occurred before July 1, 2010.

(5) This stock option is immediately exercisable in full, subject to a right of repurchase in our favor which lapses as the shares of our common stock underlying the option vest. The option shares vest over a four-year period as follows: 1/48th of the shares of our common stock underlying the option vests on the first day of each month following July 1, 2007 for Mr. Chedrick, provided that he continues to be employed by or otherwise provides services to our company on each such vesting date. In addition, the vesting of 50% of the then unvested option shares would have been accelerated had Mr. Chedrick been terminated one month prior to or up to 13 months following a change in control of our company.

(6) The market price for our common stock is based on the assumed initial public offering price of $16.00 per share, the midpoint of the price range on the cover page of this prospectus.

(7) This stock option is also subject to performance-based vesting criteria as described in "–Grants of Plan-Based Awards Table."

(8) Fully vested.

Option Exercises Table

The following table presents, for each of the named executive officers, the number of shares of our common stock acquired upon the exercise of stock options during the six months ended December 31, 2011, and the aggregate value realized upon the exercise of such awards. The value realized is based upon the fair market value of our common stock on the exercise date, as determined by our board of directors.

Name	Option Awards – Number of Shares Acquired on Exercise (#)	Option Awards – Value Realized on Exercise ($)
Frank Slootman	200,000	$ 80,000
Michael P. Scarpelli	275,808	—
Frederic B. Luddy	—	—
Arne Josefsberg	—	—
David L. Schneider	—	—
Daniel R. McGee	—	—
Andrew J. Chedrick	—	—

During fiscal 2011, Mr. Chedrick acquired 80,000 shares of our common stock upon the exercise of stock options with an aggregate value realized of $147,500.

Pension Benefits

We did not sponsor any defined benefit pension or other actuarial plan for our executive officers during either the six months ended December 31, 2011 or fiscal 2011.

Nonqualified Deferred Compensation

We did not maintain any nonqualified defined contribution or other deferred compensation plans or arrangements for our executive officers during either the six months ended December 31, 2011 or fiscal 2011.

Employment Arrangements

We have entered into employment agreements with each of the named executive officers (other than Messrs. Luddy and Chedrick) in connection with his commencement of employment with us. Each of these arrangements was negotiated on our behalf by our Compensation Committee or our CEO.

Typically, these arrangements provides for "at will" employment and sets forth the initial terms and conditions of employment of each executive officer, including base salary, target annual bonus opportunity, standard employee benefit plan participation, a recommendation for an initial stock option grant, opportunities for post-employment compensation and vesting acceleration terms. These offers of employment were each subject to execution of a standard proprietary information and invention agreement and proof of identity and work eligibility in the United States.

Mr. Slootman

On May 2, 2011, Mr. Slootman joined us as our Chief Executive Officer. In hiring Mr. Slootman, our board of directors approved an employment agreement with a period of three years, setting forth the principal terms and conditions of his employment, including an initial annual base salary of $300,000 (subject to review by the Compensation Committee at least annually), a target annual cash bonus opportunity of $300,000 (based on his performance relative to one or more performance objectives established each year by the Compensation Committee), and, subject to the approval of our board of directors, a time-based stock option award to purchase

6,550,456 shares of our common stock. His stock option is described in more detail in "—Grants of Plan-Based Awards Table" above.

Mr. Scarpelli

On August 15, 2011, Mr. Scarpelli joined us as our Chief Financial Officer. In hiring Mr. Scarpelli, our board of directors approved an employment agreement with a period of three years, setting forth the principal terms and conditions of his employment, including an initial annual base salary of $275,000 (subject to review by our CEO and the Compensation Committee at least annually), a target annual cash bonus opportunity of $175,000 (based on his performance relative to one or more performance objectives established each year by our CEO and the Compensation Committee), subject to the approval of our board of directors, a time-based stock option award to purchase 1,379,044 shares of our common stock, and subject to the approval of our board of directors, a fully-vested stock option award to purchase 137,904 shares of our common stock. These stock options are described in more detail in "—Grants of Plan-Based Awards Table" above.

Mr. Josefsberg

On September 19, 2011, Mr. Josefsberg joined us as our Chief Technology Officer. In hiring Mr. Josefsberg, our board of directors approved an employment agreement with a period of three years, setting forth the principal terms and conditions of his employment, including an initial annual base salary of $275,000 (subject to review by our CEO and the Compensation Committee at least annually), a target annual cash bonus opportunity of $135,000 (based on his performance relative to one or more performance objectives established each year by our CEO and the Compensation Committee), subject to the approval of our board of directors, a time-based stock option award to purchase 1,350,000 shares of our common stock. This stock option is described in more detail in "—Grants of Plan-Based Awards Table" above.

Mr. Schneider

On June 6, 2011, Mr. Schneider joined us as our Senior Vice President of Sales. In hiring Mr. Schneider, our board of directors approved an employment agreement with a period of three years, setting forth the principal terms and conditions of his employment, including an initial annual base salary of $250,000 (subject to review by our CEO and the Compensation Committee at least annually), a target annual cash bonus opportunity of $250,000 (based on his performance relative to one or more performance objectives established each year by our CEO and the Compensation Committee), subject to the approval of our board of directors, a time-based stock option award to purchase 1,379,044 shares of our common stock, and subject to the approval of our board of directors, a performance-based stock option award to purchase 275,808 shares of our common stock. These stock options are described in more detail in "—Grants of Plan-Based Awards Table" above.

Mr. McGee

On August 15, 2011, Mr. McGee joined us as our Senior Vice President, Engineering. In hiring Mr. McGee, our board of directors approved an employment agreement with a period of three years, setting forth the principal terms and conditions of his employment, including an initial annual base salary of $260,000 (subject to review by our CEO and the Compensation Committee at least annually), a target annual cash bonus opportunity of $140,000 (based on his performance relative to one or more performance objectives established each year by our CEO and the Compensation Committee), subject to the approval of our board of directors, a time-based stock option award to purchase 1,200,000 shares of our common stock. This stock option is described in more detail in "—Grants of Plan-Based Awards Table" above.

In the case of the named executive officers (other than Mr. Luddy), their employment agreements also contain provisions that provide for certain payments and benefits in the event of certain terminations of employment, including a termination of employment following a change in control of our company. For a summary of the material terms and conditions of these provisions, as well as an estimate of the potential payments and benefits payable to these named executive officers under their employment arrangements, see "—Potential Payments upon Termination or Change in Control" below.

Potential Payments upon Termination or Change in Control

The named executive officers (other than Mr. Luddy) are eligible to receive certain severance payments and benefits in connection with a termination of employment under various circumstances, including following a change in control of our company. The estimated potential severance payments and benefits payable to these named executive officers in the event of termination of employment as of December 31, 2011 pursuant to their employment agreements or stock option agreements, as applicable, are described below.

The actual amounts that would be paid or distributed to an eligible named executive officer as a result of a termination of employment occurring in the future may be different than those presented below as many factors will affect the amount of any payments and benefits upon a termination of employment. For example, some of the factors that could affect the amounts payable include the named executive officer's base salary and the market price of our common stock. Although we have entered into a written agreement to provide severance payments and benefits in connection with a termination of employment under particular circumstances, we, or an acquirer, may mutually agree with the named executive officers to provide payments and benefits on terms that vary from those currently contemplated. In addition to the amounts presented below, each named executive officer would also be able to exercise any previously-vested stock options that he held. For more information about the named executive officers' outstanding equity awards as of December 31, 2011, see "—Outstanding Equity Awards at Fiscal Year-End Table" above. Finally, the named executive officers are eligible to receive any benefits accrued under our broad-based benefit plans, such as accrued vacation pay, in accordance with those plans and policies.

Involuntary Termination of Employment—Cash Severance

In the event of an involuntary termination of employment (a termination of employment by us without "cause" (as defined in the relevant employment agreement or employment offer letter)) or by the named executive officer for "good reason" (as defined in the relevant employment agreement or employment offer letter) at any time other than during the period that begins three months prior to and ends 12 months following the effective date of a change in control of our company (as defined in the relevant employment agreement or employment offer letter), the named executive officers are eligible to receive the following payments and benefits:

- his then-annual base salary for a period of six months (12 months in the case of our CEO) from the date of termination;
- any portion of his annual target bonus opportunity which he would have received had he been employed on the last day of the fiscal year in which the termination of employment occurs pro-rated for a six-month period (12 months in the case of our CEO); and
- health insurance premiums for himself and his eligible dependents under our group health insurance plans as provided under the Consolidated Omnibus Budget Reconciliation Act, or COBRA, until the earliest of (i) the close of the six-month period (12 months in the case of our CEO) commencing on the date of his termination of employment, (ii) the expiration of his eligibility for continued coverage under COBRA, or (iii) the date when he becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

The receipt of any payment termination-based payments or benefits is subject to the named executive officer executing (and not subsequently revoking) a waiver and release of claims in favor of us and continued compliance during the period in which he is receiving severance payments and benefits with certain post-termination non-solicitation and non-disparagement covenants.

Involuntary Termination of Employment in Connection with a Change in Control—Cash Severance

In the event of an involuntary termination of employment (a termination of employment by us without “cause” or by the named executive officer for “good reason”) during the period that begins three months prior to and ends 12 months following the effective date of a change in control of our company, or the Change in Control Period, the named executive officers are eligible to receive the following payments and benefits:

- a lump-sum payment equal to his then-annual base salary for a period of six months (12 months in the case of our CEO) from the date of termination;
- his annual target bonus opportunity without regard to achievement of any corporate performance goals; and
- health insurance premiums for himself and his eligible dependents under our group health insurance plans as provided under COBRA until the earliest of (i) the close of the six-month period (12 months in the case of our CEO) commencing on the date of his termination of employment, (ii) the expiration of his eligibility for continued coverage under COBRA or (iii) the date when he becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

The receipt of any payment termination-based payments or benefits is subject to the named executive officer executing (and not subsequently revoking) a waiver and release of claims in favor of us and continued compliance during the period in which he is receiving severance payments and benefits with certain post-termination non-solicitation and non-disparagement covenants

Outstanding Equity Awards

In the event of a change in control of our company prior to the closing of the first sale of shares of our common stock in a firm-commitment underwritten public offering of securities, or an IPO, 50% of the total number of shares of our common stock subject to outstanding and unvested equity awards held by the named executive officers (other than Mr. Luddy) will immediately vest. In the event of a change in control of our company on or after an IPO, 100% of the total number of shares of our common stock subject to outstanding and unvested equity awards held by the named executive officers (other than Mr. Luddy) will immediately vest.

In addition, in the event of an involuntary termination of employment (a termination of employment by us without “cause” or by the named executive officer for “good reason”) or if we terminate his employment following a material adverse change in his title or reporting relationships without his consent, the outstanding equity awards of the named executive officers (other than Mr. Luddy) will be subject to accelerated vesting as follows:

- in the case of our CEO, 12.5% of the total number of shares of our common stock subject to outstanding equity awards will immediately vest if termination of employment occurs outside of the Change in Control Period, which will be increased to 25% if such termination of employment also occurs within the first 12 months of his employment; or
- in the case of the other named executive officers, 25% of the total number of shares of our common stock subject to outstanding equity awards will immediately vest if termination of employment occurs within the first 12 months of his employment, and outside of the Change in Control Period; or
- 100% of the then-unvested shares of our common stock subject to outstanding equity awards will immediately vest if termination of employment occurs during the Change in Control Period.

In the event of a change in control of our company, 25% of the total number of shares of our common stock subject to outstanding options held by Mr. Luddy will immediately vest.

Excise Taxes

Any payment or benefit provided under his employment agreement (in the case of our CEO) or his employment offer letter (in the case of the other named executive officers) in connection with a change in control of our company may be subject to an excise tax under Section 4999 of the Code. These payments and benefits also may not be eligible for a federal income tax deduction pursuant to Section 280G of the Code. If any of these payments or benefits are subject to the excise tax, they may be reduced to provide the affected named executive officer with the best after-tax result. Specifically, he will receive either a reduced amount so that the excise tax is not triggered, or he will receive the full amount of the payments and benefits and then be personally liable for any excise tax.

Potential Payments upon Termination or Change in Control Table

The following table sets forth the estimated payments that would be received by the named executive officers upon a change in control of our company, upon a termination of employment without cause or following a resignation for good reason, or in the event of a termination of employment without cause or following a resignation for good reason in connection with a change in control in our company. The table below reflects amounts payable to the named executive officers assuming that, if applicable, their employment was terminated on December 31, 2011 and, if applicable, a change in control of our company also occurred on that date.

	Change in Control Alone	Upon Termination without Cause or Resignation for Good Reason—No Change in Control				Upon Termination without Cause or Resignation for Good Reason—Change in Control			
Name	Value of Accelerated Vesting[(1)]	Cash Severance	Continuation of Medical Benefits	Value of Accelerated Vesting[(1)]	Total	Cash Severance	Continuation of Medical Benefits	Value of Accelerated Vesting[(1)]	Total
Mr. Slootman	$43,888,055	$ 300,000	$ 14,237	$21,944,028	$22,258,265	$ 300,000	$ 14,237	$87,776,110	$88,090,347
Mr. Scarpelli	8,963,786	225,000	9,046	4,481,893	4,715,939	225,000	9,046	17,927,572	18,161,618
Mr. Luddy	939,372	—	—	—	—	—	—	—	—
Mr. Josefsberg	8,775,000	205,000	9,046	4,387,500	4,601,546	205,000	9,046	17,550,000	17,764,046
Mr. Schneider	10,756,538	250,000	9,046	5,378,269	5,637,315	250,000	9,046	21,513,076	21,772,122
Mr. McGee	7,800,000	200,000	7,118	3,900,000	4,107,118	200,000	7,118	15,600,000	15,807,118

(1) The value of accelerated vesting is calculated based on the assumed initial public offering price of $16.00 per share, the midpoint of the price range on the cover page of this prospectus, less, if applicable, the exercise price of each outstanding stock option.

Mr. Chedrick

On December 14, 2011, Mr. Chedrick, our Vice President, Finance, resigned effective January 1, 2012. In connection with his resignation, and in exchange for his execution of a release and waiver of claims in favor of us, Mr. Chedrick continued to receive his base salary and accrued paid time off through his date of termination of employment. In addition, we agreed to pay the premiums for continued coverage under our group health insurance plans for him and his eligible dependents until the earliest of (i) the close of the six month period commencing on the date of his termination of employment, (ii) the expiration of his eligibility for continued coverage under COBRA or (iii) the date when he becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. Finally, all of Mr. Chedrick's outstanding stock options ceased vesting as of his date of termination of employment and the exercise of any vested portions of such stock options was governed by the relevant plan documents pursuant to which the options were granted.

Employee Benefit Plans

2005 Stock Plan

Our board of directors adopted, and our stockholders approved, our 2005 Stock Plan in March 2005. Our 2005 Stock Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees or any parent or subsidiary's employees, and for the grant of nonstatutory stock options and RSUs to our employees, directors, and consultants and any parent or subsidiary's employees and consultants. Stock purchase rights and RSUs may also be granted under the 2005 Stock Plan. As of March 31, 2012, an aggregate of 59,580,440 shares of our common stock are reserved for issuance under our 2005 Stock Plan. Upon the signing of the underwriting agreement relating to this offering, no further equity awards will be made under our 2005 Stock Plan. We intend to grant all future equity awards under our 2012 equity incentive plan, or the 2012 Plan, and our 2012 employee stock purchase plan, or the 2012 Purchase Plan. However, all stock options and RSUs granted under our 2005 Stock Plan will continue to be governed by the terms of our 2005 Stock Plan. The purposes of the 2005 Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, directors and consultants and to promote the success of our business.

Administration. Subject to the terms of the 2005 Stock Plan, our board of directors or an authorized committee, referred to as the plan administrator, has the discretion to make all decisions implementing the 2005 Stock Plan including the power to determine recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to the limitations set forth below, the plan administrator will also determine the exercise price of options granted, and the consideration (if any) to be paid for restricted stock awards.

Stock Options. Incentive and nonstatutory stock options are granted pursuant to incentive and nonstatutory stock option agreements adopted by the plan administrator. Generally, the exercise price for an incentive stock option or a nonstatutory stock option cannot be less than 100% of the fair market value of the common stock subject to the option on the date of grant. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock comprising more than 10% of our total combined voting power or that of any of our affiliates unless (a) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (b) the term of the incentive stock option does not exceed five years from the date of grant. Options granted under the 2005 Stock Plan will vest at the rate specified in the option agreement. A stock option agreement may provide for early exercise prior to vesting and rights of repurchase.

The term of stock options granted under the 2005 Stock Plan may not exceed 10 years. Unless the terms of an optionholder's stock option agreement provides for earlier or later termination, if an optionholder's service relationship with us, or any affiliate of ours, ceases due to disability or death, the optionholder, or his or her beneficiary, may exercise any vested options up for the period of time set forth in the applicable stock option agreement, provided the time period is at least six months after the date the service relationship ends. If an optionholder's service relationship with us, or any affiliate of ours, ceases without cause for any reason other than disability or death, the optionholder may exercise any vested options for the period of time set forth in the applicable stock option agreement, provided the time period is at least 30 days after the date the service relationship end. In no event may an option be exercised after its expiration date. A stock option may never be exercised later than the expiration of its term.

The forms of consideration for the purchase of our common stock under the 2005 Stock Plan that the plan administrator may approve include cash, check, delivery of a promissory note, cancellation of indebtedness, waiver of accrued compensation, shares of stock already owned, consideration paid through a same-day sale cashless brokered exercise program adopted by the plan administrator or any combination of such consideration.

Limitations. The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to incentive stock options that are exercisable for the first time by an optionholder during any calendar year under all of our stock plans may not exceed $100,000. The options or portions of options that exceed this limit are treated as nonstatutory stock options.

Stock Purchase Rights. The plan administrator may offer rights to purchase shares of our common stock under the 2005 Stock Plan and, to the extent permitted by applicable law, shall determine the purchase price of the shares subject to each stock purchase right. The offer to purchase shares underlying this stock purchase right shall be accepted by the offeree's execution of a restricted stock purchase agreement, in the form prescribed by the Compensation Committee. This restricted stock purchase agreement may subject the acquired shares to a repurchase option, which we could exercise upon the voluntary or involuntary termination of the purchaser's services for any reason.

Restricted Stock Units. Our 2005 Stock Plan also permits the issuance of RSUs to our service providers. RSUs granted under our 2005 Stock Plan represent the right to receive shares of our common stock or cash payment at a specified future date and may be subject to vesting requirements.

Transferability. Incentive stock options may not be transferred, except by will or by the laws of descent or distribution. Generally, nonstatutory stock options, RSUs and stock purchase rights may not be transferred except by will or by the laws of descent or distribution. However, the plan administrator may, in its sole discretion, grant nonstatutory stock options, RSUs or stock purchase rights that may be transferred to immediate family members.

Changes to Capitalization. In the event that there is a specified type of change in our capital structure not involving the receipt of consideration by us, such as a stock split, stock dividend or other recapitalization, the 2005 Stock Plan provides for the proportional adjustment of the number of shares reserved under the 2005 Stock Plan and the number of shares and exercise price or strike price, if applicable, of all outstanding stock awards.

Corporate Transactions. Unless otherwise provided in the award agreement, in the event of certain corporate transactions, any or all outstanding stock awards under the 2005 Stock Plan must be assumed or substituted for by any surviving entity. If the surviving entity elects not to assume or substitute for such awards, such stock awards will fully vest for a period of time to be determined by the plan administrator, following which they will be terminated. In the event of our dissolution or liquidation, all outstanding stock awards under the 2005 Stock Plan will terminate immediately prior to such event.

Additional Provisions. Our board of directors has the authority to amend, alter, suspend or terminate the 2005 Stock Plan. However, no amendment or termination of the plan may adversely affect any rights under awards already granted to a participant without the affected participant's consent. We will obtain stockholder approval of any amendment to the 2005 Stock Plan as required by applicable law. The 2005 Stock Plan will expire in July 2021 unless sooner terminated by our board of directors or in connection with the effective date of this offering and our 2012 Plan.

2012 Equity Incentive Plan

In April 2012, our board of directors adopted our 2012 Plan, subject to stockholder approval, to become effective on the date immediately prior to the date on which the registration statement is declared effective. The 2012 Plan will terminate in 2022, unless sooner terminated by our board of directors. The purpose of the 2012 Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards. The 2012 Plan is also designed to permit us to make cash-based awards and equity-based awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

Stock Awards. The 2012 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, RSUs, performance-based stock awards and other forms of equity compensation, or collectively, stock awards. In addition, the 2012 Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees, subject to certain limitations described below. All other awards may be granted to employees, including officers, as well as directors and consultants.

The principal features of the 2012 Plan are summarized below. This summary is qualified in its entirety by reference to the text of the 2012 Plan, which is filed as an exhibit to the registration statement of which this prospectus is a part.

Share Reserve. We have initially reserved 9,600,000 shares of our common stock for issuance under the 2012 Plan plus (1) the number of shares reserved but not issued or subject to outstanding awards under the 2005 Stock Plan at the time the 2012 Plan becomes effective and (2) shares that are subject to outstanding stock awards granted under the 2005 Stock Plan that cease to be subject to such awards. Then, the number of shares of our common stock reserved for issuance under the 2012 Plan will automatically increase on January 1 of each year, starting on January 1, 2013 and continuing through January 1, 2022, by (a) 5% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year or (b) such lesser number of shares of common stock as determined by our board of directors. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2012 Plan is shares plus the number of shares that are added to the 2012 equity incentive plan share reserve pursuant to annual evergreen increases or pursuant to outstanding 2005 Stock Plan awards that again become available for future issuance.

No person may be granted stock awards covering more than 3,000,000 shares of our common stock under the 2012 Plan during any calendar year pursuant to stock options, stock appreciation rights, restricted stock awards or RSUs, other than a new employee of ours, who will be eligible to receive no more than 6,000,000 shares under the 2012 Plan in the calendar year in which the employee commences employment. Such limitations are designed to help assure that any deductions to which we would otherwise be entitled with respect to such stock awards will not be subject to the $1,000,000 limitation on the income tax deductibility of compensation paid per covered executive officer imposed by Section 162(m) of the Code.

If a stock award granted under the 2012 Plan expires or otherwise terminates without being exercised in full, or is settled in cash, the shares of our common stock not acquired pursuant to the stock award again become available for subsequent issuance under the 2012 Plan. In addition, the following types of shares under the 2005 Stock Plan and 2012 Plan may become available for the grant of new stock awards under the 2012 Plan: (a) shares that are forfeited to or repurchased by us prior to becoming fully vested; (b) shares withheld to satisfy income or employment withholding taxes; (c) shares used to pay the exercise price of an option in a net exercise arrangement; and (d) shares tendered to us to pay the exercise price of an option. As of the date hereof, no shares of our common stock have been issued under the 2012 Plan.

Administration. Our board of directors has delegated its authority to administer the 2012 Plan to our compensation committee. The compensation committee is required to consist of two or more “outside directors” within the meaning of Section 162(m) of the Code and two or more “non-employee directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Subject to the terms of the 2012 Plan, our board of directors or an authorized committee, referred to as the plan administrator, determines recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to the limitations set forth below, the plan administrator will also determine the exercise price of options granted, the consideration (if any) to be paid for restricted stock awards and the strike price of stock appreciation rights.

The plan administrator has the authority to reprice any outstanding stock award (by reducing the exercise price of any outstanding option, canceling an option in exchange for cash or another equity award or any other action that may be deemed a repricing under generally accepted accounting provisions) under the 2012 Plan without the approval of our stockholders.

Stock Options. Incentive and nonstatutory stock options are granted pursuant to incentive and nonstatutory stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2012 Plan, provided that the exercise price of a stock option cannot be less than 100% of the fair market value of our common stock on the date of grant, except where a higher exercise price is required in the case of certain incentive stock options, as described below. Options granted under the 2012 Plan vest at the rate specified by the plan administrator.

The plan administrator determines the term of stock options granted under the 2012 Plan, up to a maximum of 10 years, except in the case of certain incentive stock options, as described below. Unless the terms of an optionholder's stock option agreement provide otherwise, if an optionholder's relationship with us, or any of our affiliates, ceases for any reason other than for cause, disability or death, the optionholder may exercise any vested options for a period of three months following the cessation of service. If an optionholder's service relationship with us is terminated for cause, then the option terminates immediately. If an optionholder's service relationship with us or any of our affiliates ceases due to disability or death, or an optionholder dies within the period (if any) specified in the award agreement following cessation of service, the optionholder or a beneficiary may exercise any vested options for a period of 12 months in the event of disability or death. The option term may be extended in the event that exercise of the option following termination of service is prohibited by applicable securities laws. In no event, however, may an option be exercised beyond the expiration of its maximum term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (a) cash, check, bank draft or money order, (b) a broker-assisted cashless exercise, (c) the tender of common stock previously owned by the optionholder, (d) cancellation of our indebtedness to the optionholder, (e) waiver of compensation due to the optionholder for services rendered and (f) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. An optionholder may, however, designate a beneficiary who may exercise the option following the optionholder's death.

Limitations on Incentive Stock Options. Incentive stock options may be granted only to our employees. The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to incentive stock options that are exercisable for the first time by an optionholder during any calendar year under all of our stock plans may not exceed $100,000. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock comprising more than 10% of our total combined voting power or that of any of our affiliates unless (a) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (b) the term of the incentive stock option does not exceed five years from the date of grant.

Restricted Stock Awards. Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the plan administrator. A restricted stock award is an offer by us to sell shares of our common stock subject to restrictions. The price, if any, of a restricted stock award will be determined by our Compensation Committee. Restricted stock awards may be granted in consideration for (a) cash, check, bank draft or money order, (b) past or future services rendered to us or our affiliates, or (c) any other form of legal consideration determined by our Compensation Committee. Shares of common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option or forfeiture restriction in our favor in accordance with a vesting schedule to be determined by the plan administrator. Rights to acquire shares under a restricted stock award may be transferred only upon such terms and conditions as set by the plan administrator. Except as otherwise provided in the applicable award agreement, restricted stock awards that have not vested will be forfeited or subject to repurchase upon the participant's cessation of continuous service for any reason.

Restricted Stock Unit Awards. RSUs are granted pursuant to restricted stock unit award agreements adopted by the plan administrator. RSUs represent the right to receive shares of our common stock at a specified date in the future, subject to forfeiture of that right because of termination of the holder's services to us or the holder's failure to achieve certain performance conditions. If a RSU has not been forfeited, then on the date specified in the RSU agreement, we may deliver to the holder of the RSU whole shares of our common stock, which may be subject to additional restrictions, cash or a combination of our common stock and cash. Our Compensation Committee may also permit the holders of the RSUs to defer payment to a date or dates after the RSU is earned, provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

Stock Appreciation Rights. Stock appreciation rights are granted pursuant to stock appreciation rights agreements adopted by the plan administrator. Stock appreciation rights provide for a payment, or payments, in cash or shares of our common stock, to the holder based upon the increase in the fair market value of our common stock on the date of exercise from the stated exercise price (subject to any maximum number of shares as may be specified in the applicable award agreement). The payment may occur upon the exercise of a stock appreciation right or deferred with such interest or dividend equivalent, if any, as our compensation committee determines, provided that the terms of the stock appreciation right and any deferral satisfy the requirements of Section 409A of the Code. The plan administrator determines the exercise price for a stock appreciation right which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Stock appreciation rights may vest based on time or achievement of performance conditions. Stock appreciation rights expire under the same rules that apply to stock options.

Performance Awards. The 2012 Plan permits the grant of performance stock awards and performance cash awards that may qualify as performance-based compensation that is not subject to the $1,000,000 limitation on the income tax deductibility of compensation paid per covered executive officer imposed by Section 162(m) of the Code. To assure that the compensation attributable to performance-based awards will so qualify, our committee can structure such awards so that stock will be issued or paid pursuant to such award only upon the achievement of certain pre-established performance goals during a designated performance period.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the award and all other terms and conditions of such awards.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure, such as a stock split, appropriate adjustments will be made to (a) the class and maximum number of shares reserved under the 2012 Plan, (b) the class and maximum number of shares subject to options, stock appreciation rights and performance stock awards that can be granted in a calendar year, (c) the class and maximum number of shares that may be issued upon exercise of incentive stock options and (d) the number of shares and exercise price or strike price, if applicable, of all outstanding stock awards.

Corporate Transactions. The 2012 Plan provides that, in the event of a sale, lease or other disposition of all or substantially all of the assets of us or specified types of mergers or consolidations, or a corporate transaction, any surviving or acquiring corporation shall either assume awards outstanding under the 2012 Plan or substitute similar awards for those outstanding under the 2012 Plan. If any surviving corporation declines to assume awards outstanding under the 2012 Plan or to substitute similar awards, then, with respect to participants whose service with us has not terminated prior to the time of such corporate transaction, the vesting and the time during which such awards may be exercised will be accelerated in full, and all outstanding awards will terminate if the participant does not exercise such awards at or prior to the corporate transaction. With respect to any awards that are held by other participants that terminated service with us prior to the corporate transaction, the vesting and exercisability provisions of such awards will not be accelerated and such awards will terminate if not exercised prior to the corporate transaction.

Changes in Control. Our board of directors has the discretion to provide that a stock award under the 2012 Plan will immediately vest as to all or any portion of the shares subject to the stock award in the event a participant's service with us or a successor entity is terminated actually or constructively within a designated period following the occurrence of certain specified change in control transactions. Stock awards held by participants under the 2012 Plan will not vest automatically on such an accelerated basis unless specifically provided in the participant's applicable award agreement.

Plan Suspension or Termination. Our board of directors has the authority to suspend or terminate the 2012 Plan at any time provided that such action does not impair the existing rights of any participant.

Securities Laws and Federal Income Taxes. The 2012 Plan is designed to comply with various securities and federal tax laws as follows:

Securities Laws. The 2012 Plan is intended to conform to all provisions of the Securities Act of 1933, as amended, and the Exchange Act and any and all regulations and rules promulgated by the SEC thereunder, including, without limitation, Rule 16b-3. The 2012 Plan will be administered, and options will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations.

Section 409A of the Code. Certain awards under the 2012 Plan may be considered “nonqualified deferred compensation” for purposes of Section 409A of the Code, which imposes certain additional requirements regarding the payment of deferred compensation. Generally, if at any time during a taxable year a nonqualified deferred compensation plan fails to meet the requirements of Section 409A, or is not operated in accordance with those requirements, all amounts deferred under the 2012 Plan and all other equity incentive plans for the taxable year and all preceding taxable years, by any participant with respect to whom the failure relates, are includible in gross income for the taxable year to the extent not subject to a substantial risk of forfeiture and not previously included in gross income. If a deferred amount is required to be included in income under Section 409A, the amount also is subject to interest and an additional income tax. The interest imposed is equal to the interest at the underpayment rate plus one percentage point, imposed on the underpayments that would have occurred had the compensation been includible in income for the taxable year when first deferred, or if later, when not subject to a substantial risk of forfeiture. The additional federal income tax is equal to 20% of the compensation required to be included in gross income. In addition, certain states, including California, have laws similar to Section 409A, which impose additional state penalty taxes on such compensation.

Section 162(m) of the Code. In general, under Section 162(m) of the Code, income tax deductions of publicly held corporations may be limited to the extent total compensation (including, but not limited to, base salary, annual bonus, and income attributable to stock option exercises and other non-qualified benefits) for certain executive officers exceeds $1,000,000 (less the amount of any “excess parachute payments” as defined in Section 280G of the Code) in any taxable year of the corporation. However, under Section 162(m), the deduction limit does not apply to certain “performance-based compensation” established by an independent compensation committee that is adequately disclosed to, and approved by, stockholders. In particular, stock options and stock appreciation rights will satisfy the “performance-based compensation” exception if the awards are made by a qualifying compensation committee, the 2012 Plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the stock price after the grant date. Specifically, the option exercise price must be equal to or greater than the fair market value of the stock subject to the award on the grant date.

We have attempted to structure the 2012 Plan in such a manner that the compensation attributable to stock options, stock appreciation rights and other performance-based awards which meet the other requirements of Section 162(m) will not be subject to the $1,000,000 limitation. We have not, however, requested a ruling from the Internal Revenue Service or an opinion of counsel regarding this issue.

2012 Employee Stock Purchase Plan

In April 2012, our board of directors adopted the 2012 Purchase Plan, subject to stockholder approval, that will become effective upon the closing of this offering. The purpose of the 2012 Purchase Plan is to assist us in retaining the services of new employees and securing the services of new and existing employees while providing incentives for such individuals to exert maximum efforts toward our success.

Share Reserve. Following this offering, the 2012 Purchase Plan initially authorizes the issuance of 5,000,000 shares of our common stock pursuant to purchase rights granted to our employees or to employees of our subsidiaries. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each calendar year, from January 1, 2013 through January 1, 2022, by the lesser of 1% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year or a number determined by our board of directors. The 2012 Purchase Plan is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423 of the Code. As of the date hereof, no shares of our common stock have been purchased under the 2012 Purchase Plan. No more than 25,000,000 shares of our common stock may be issued under our 2012 Purchase Plan, and no other shares may be added to this plan without the approval of our stockholders.

Administration. Our board of directors has delegated its authority to administer the 2012 Purchase Plan to our Compensation Committee. The 2012 Purchase Plan is implemented through a series of offerings of purchase rights to eligible employees. Under the 2012 Purchase Plan, we may specify offerings with durations of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. An offering may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the 2012 Purchase Plan and may contribute, normally through payroll deductions, up to 15% of their earnings for the purchase of our common stock under the 2012 Purchase Plan. Unless otherwise determined by our board of directors, common stock will be purchased for accounts of employees participating in the 2012 Purchase Plan at a price per share equal to the lower of (a) 85% of the fair market value of a share of our common stock on the first date of an offering or (b) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the 2012 Purchase Plan, as determined by our board of directors: (a) customarily employed for more than 20 hours per week, (b) customarily employed for more than five months per calendar year or (c) continuous employment with us or one of our affiliates for a period of time not to exceed two years. No holder will have the right to purchase our shares at a rate which, when aggregated with purchase rights under all our employee stock purchase plans that are also outstanding in the same calendar year(s), have a fair market value of more than $25,000, determined in accordance with Section 423 of the Code, for each calendar year in which that right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the 2012 Purchase Plan if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value pursuant to Code Section 424(d).

Changes to Capital Structure. In the event a change in our capital structure occurs through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar transaction, the board of directors will make appropriate adjustments to (a) the number of shares reserved under the 2012 Purchase Plan, (b) the maximum number of shares that may be issued under the 2012 Purchase Plan and (c) the number of shares and purchase price of all outstanding purchase rights.

Corporate Transactions. In the event of a change in control transaction, each outstanding right to purchase shares under our 2012 Purchase Plan may be assumed or substituted by our successor. In the event that the successor refuses to assume or substitute the outstanding purchase rights, any offering periods that commenced prior to the closing of the proposed change in control transaction will be shortened and terminated on a new purchase date. The new purchase date will occur prior to the closing of the proposed change in control and our 2012 Purchase Plan will then terminate on the closing of the proposed change in control.

Plan Amendment or Termination. Our board has the authority to amend or terminate the 2012 Purchase Plan at any time. If our board determines that the amendment or termination of an offering is in our best interests and the best interests of our stockholders, then our board may terminate any offering on any purchase date, establish a new purchase date with respect to any offering then in progress, or terminate any offering and return any money contributed by participants that has not been used to purchase shares back to the participants. We will obtain stockholder approval of any amendment to the 2012 Purchase Plan as required by applicable law.

401(k) Plan

We maintain a defined contribution employee retirement plan for our U.S. employees. The plan is intended to qualify as a tax-qualified 401(k) plan so that contributions to the 401(k) plan, and income earned on such contributions, are not taxable to participants until withdrawn or distributed from the 401(k) plan. Participants may make pre-tax contributions to the 401(k) plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax contributions under the Code. The 401(k) plan provides that each participant may contribute up to 100% of eligible compensation on a pre-tax or, in the case of the Roth 401(k), after tax basis into their accounts. Participants who are at least 50 years old may also contribute additional amounts based on the statutory limits for "catch-up" contributions. Under the 401(k) plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested by the plan's trustee. Although the 401(k) plan provides for a discretionary employer profit sharing contribution and a discretionary employer matching contribution, we have not made any such contributions on behalf of participating employees to date.

Limitation of Liability and Indemnification

Our restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation provides that we are required to indemnify our directors and our restated bylaws provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Any repeal of or modification to our restated certificate of incorporation or restated bylaws may not adversely affect any right or protection of a director or officer for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. Our restated bylaws also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed above under "Management" and "Executive Compensation," the following is a description of transactions since January 1, 2009 to which we have been a participant, in which the amount involved in the transaction exceeds or will exceed $120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest or such other persons as may be required to be disclosed pursuant to Item 404 of Regulation S-K, which we refer collectively refer to as related parties.

Preferred Stock Financings

In April 2009, we entered into a Series C Preferred Stock Purchase Agreement pursuant to which we issued and sold to JMI Equity Fund V, L.P. and its affiliates, or JMI Equity, an aggregate of 491,803 shares of Series C convertible preferred stock at a purchase price of $6.10 per share, for aggregate consideration of $2,999,998.30 and to JMI Incubator, L.P. and its affiliates, or JMI Incubator, an aggregate of 491,803 shares of Series C convertible preferred stock at a purchase price of $6.10 per share, for aggregate consideration of $2,999,998.30. Upon the closing of this offering, these shares will convert into 7,868,848 shares of common stock. JMI Equity and Incubator collectively holds more than 5% of our capital stock. Paul V. Barber, one of our directors, is a Managing Member of JMI Associates V, LLC, the general partner of JMI Equity. Charles E. Noell, III, one of our directors, is a Managing Member of JMI Incubator Associates, LLC, the general partner of JMI Incubator. Additional detail regarding the equity holdings of JMI Equity and JMI Incubator is provided in "Principal Stockholders." The proceeds were used to offset an outstanding loan to Frederic B. Luddy in the amount of $6.0 million. Mr. Luddy subsequently settled the loan by delivering to us 7,868,848 shares of common stock.

In November 2009, we entered into a Series D Preferred Stock Purchase Agreement pursuant to which we issued and sold to Sequoia Capital U.S. Growth Fund IV, L.P. and its affiliates, or Sequoia Growth, an aggregate of 2,990,635 shares of Series D convertible preferred stock in multiple closings at a purchase price of $17.267333 per share, for aggregate consideration of $51,640,290. Upon the closing of this offering, these shares will convert into 23,925,080 shares of common stock. Sequoia Growth collectively holds more than 5% of our capital stock. Douglas M. Leone, one of our directors, is a Managing Member of SCGF IV Management, L.P., the general partner of Sequoia Growth. Additional detail regarding the equity holdings of Sequoia Growth is provided in "Principal Stockholders."

In connection with the first closing of the sale and issuance of Series D convertible preferred stock in November 2009, we entered into agreements to repurchase an aggregate of 19,164,000 shares of our common stock held by Frederic B. Luddy, Andrew J. Chedrick, Robert Luddy and certain other employees at a purchase price of $2.1584166 per share. In connection with the second closing of the Series D convertible preferred stock financing in December 2009, we offered to purchase up to 11,064,216 shares of our common stock at a purchase price of $2.1584166 per share from our former and current employees that started their employment with us on or prior to November 1, 2009, of which 4,346,264 shares were repurchased. In addition, we repurchased two warrants to purchase an aggregate of 51,852 shares of our Series B convertible preferred stock at a price per warrant share of $16.013772 held by a financial institution. The following table presents the aggregate consideration paid to each related party pursuant to these stock repurchases:

Stockholder	Common Stock Repurchased	Aggregate Consideration
Frederic B. Luddy[(1)]	16,480,000	$ 35,570,706
Andrew J. Chedrick[(2)]	1,440,000	3,108,120
Robert Luddy[(3)]	448,000	966,971
Laura Pierce[(4)]	68,000	146,772

(1) At the time of the stock repurchase, Mr. Frederic B. Luddy was serving as our President and Chief Executive Officer.
(2) At the time of the stock repurchase, Mr. Chedrick was serving as our Chief Financial Officer.

(3) Mr. Robert Luddy is the brother of Mr. Frederic B. Luddy.
(4) Ms. Laura Pierce is the sister of Mr. Frederic B. Luddy.

In connection with the sale and issuance of Series D convertible preferred stock, we entered into amended and restated investor rights, voting, and right of first refusal and co-sale agreements containing voting rights, information rights, rights of first refusal and registration rights, among other things, with certain holders of our convertible preferred stock and certain holders of our common stock. These stockholder agreements will terminate upon the closing of this offering, except for the registration rights granted under our third amended and restated investor rights agreement, as more fully described below in "Description of Capital Stock—Registration Rights."

Common Stock Financing

In February 2012, we entered into a Common Stock Purchase Agreement pursuant to which we issued and sold to Greylock XIII Limited Partnership and its affiliates, or Greylock, an aggregate of 1,750,980 shares of common stock at a purchase price of $10.20 per share, for aggregate consideration of $17,859,996. In connection with this transaction, Frederic Luddy, our Chief Product Officer, also sold 700,000 shares of our common stock to Greylock at a purchase price of $10.20 per share, for aggregate consideration of $7,140,000. We waived our right of first refusal in order to allow Mr. Luddy to complete this sale to Greylock.

Employment Agreements

We have entered into employment arrangements with our executive officers, as more fully described in "Executive Compensation—Employment Agreements," "—Employment Arrangements," "—Post-Employment Compensation" and "—Potential Payments upon Termination or Change in Control."

Equity Grants to Executive Officers and Directors

We have granted stock options to our executive officers and directors, as more fully described in the section entitled "Executive Compensation." We granted 1,000,000 RSUs to Mr. Frederic B. Luddy in March 2012. These RSUs vest annually in four equal installments, on the anniversary of the date of grant.

Employment Arrangements with Immediate Family Members of Our Executive Officers and Directors

Robert Luddy, the brother of Frederic B. Luddy, our founder and Chief Product Officer, has been employed by us since July 1, 2005. During 2009, 2010, and 2011, Mr. Robert Luddy had total cash compensation, including base salary, bonus and other compensation, of $496,964, $535,476 and $541,944, respectively. During fiscal 2010 and 2011 we granted to Mr. Robert Luddy options to purchase 320,000 and 160,000 shares of common stock, respectively. He did not receive any grants in fiscal 2009 or the six months ended December 31, 2011.

Laura Pierce, the sister of Frederic B. Luddy, has been employed by us since January 1, 2007. During 2009, 2010, and 2011, Ms. Pierce had total cash compensation, including base salary, bonus and other compensation, of $109,643, $116,073 and $137,734. During fiscal 2011 and the six months ended December 31, 2011, we granted to Ms. Laura Pierce options to purchase 80,000 and 20,000 shares of common stock, respectively. She did not receive any grants in fiscal 2009 or 2010.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers, as described in "Executive Compensation—Limitation of Liability and Indemnification."

Review, Approval or Ratification of Transactions with Related Parties

The charter of our Audit Committee requires that any transaction with a related party that must be reported under applicable rules of the SEC, other than compensation related matters, must be reviewed and approved or ratified by our Audit Committee. The Audit Committee has not adopted policies or procedures for review of, or standards for approval of, these transactions.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock outstanding as of May 31, 2012:

- Each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- Each of our directors;
- Each of our named executive officers;
- All of our directors and executive officers as a group; and
- Each of the selling stockholders.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 112,060,669 shares of common stock outstanding at May 31, 2012, assuming conversion of all outstanding shares of preferred stock into 83,703,016 shares of common stock. For purposes of the table below, we have assumed that 9,000,000 shares of common stock will be sold in this offering by us. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options, warrants or other convertible securities held by that person or entity that are currently exercisable or will be exercisable within 60 days of May 31, 2012. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Except as otherwise noted below, the address for each person or entity listed in the table is c/o ServiceNow, Inc., 12225 El Camino Real, Suite 100, San Diego, California 92130.

Name of Beneficial Owner	Shares Beneficially Owned Prior to the Offering		Shares Being Offered	Shares Beneficially Owned After the Offering	
	Number	Percent		Number	Percent
5% or Greater Stockholders					
Persons affiliated with JMI Equity[1]	59,826,072	53.39%	—	59,826,072	49.42%
Entities affiliated with Sequoia Capital[2]	23,944,344	21.37	—	23,944,344	19.78
Certain Other Stockholders					
Entities affiliated with Greylock Partners[3]	2,450,980	2.19	—	2,450,980	2.02
Directors and Named Executive Officers					
Frank Slootman[4]	6,550,456	5.53	—	6,550,456	5.14
Frederic B. Luddy[5]	15,111,152	13.46	2,650,000[17]	12,461,152	10.27
Michael P. Scarpelli[6]	1,654,852	1.46	—	1,654,852	1.35
David L. Schneider[7]	1,654,852	1.46	—	1,654,852	1.35
Arne Josefsberg[8]	1,350,000	1.19	—	1,350,000	1.10
Daniel R. McGee[9]	1,200,000	1.06	—	1,200,000	*
Andrew J. Chedrick	450,000	*	—	450,000	*
Paul V. Barber[10]	40,580,508	36.21	—	40,580,508	33.52
Ronald E. F. Codd[11]	200,000	*	—	200,000	*
Douglas M. Leone[12]	23,944,344	21.37	—	23,944,344	19.78
Jeffrey A. Miller[13]	200,000	*	—	200,000	*
Charles E. Noell, III[14]	59,826,072	53.39	—	59,826,072	49.42
William L. Strauss[15]	200,000	*	—	200,000	*
All executive officers and directors as a group (13 persons)[16]	112,341,728	90.17	2,650,000[17]	109,691,728	82.11

(footnotes on next page)

* Represents beneficial ownership of less than one percent.

(1) Consists of (i) 28,275,358 shares held by JMI Equity Fund V, L.P., (ii) 1,637,678 shares held by JMI Equity Fund V (AI), L.P., (iii) 7,494,302 held by JMI Equity Fund IV, L.P., (iv) 593,470 shares held by JMI Equity Fund IV (AI), L.P., (v) 2,393,038 shares held by JMI Euro Equity Fund IV, L.P., (vi) 186,662 JMI Equity Side Fund, L.P., (vii) 9,751,654 shares held by JMI Participating Partners (viii) 4,272,259 shares held by JMI Services, LLC, (ix) 4,393,995 shares held by the Rebecca Ann Moores Family Trust, (x) 88,240 shares held by the Chloe Dahl Moores Irrevocable Personal 2012 Trust, (xi) 88,240 shares held by the Cyrus N. Moores Irrevocable Personal 2012 Trust, (xii) 88,240 shares held by the John J. Moores, III Irrevocable Personal 2012 Trust, (xiii) 88,240 shares held by the Kiev J. Moores Irrevocable Personal 2012 Trust, and (xiv) 474,696 shares held by Charles E. Noell, III. JMI Associates V, L.L.C. is the General Partner of each of JMI Equity Fund V, L.P. and JMI Equity Fund V (AI), L.P. Charles E. Noell III, Harry S. Gruner, Paul V. Barber, Robert F. Smith, Bradford D. Woloson, Peter C. Arrowsmith, Charles T. Dieveney and Jit Sinha share voting and investment power as managing members of JMI Associates V, L.L.C. JMI Associates IV, L.L.C. is the General Partner of each of JMI Equity Fund IV, L.P., JMI Equity Fund IV (AI), L.P. and JMI Euro Equity Fund IV, L.P. Messrs. Noell, Gruner, Barber, Smith, Woloson and Arrowsmith share voting and investment power as managing members of JMI Associates IV, L.L.C. JMI Equity Side Associates, L.L.C. is the General Partner of JMI Equity Side Fund, L.P. Messrs. Noell, Gruner, Barber and Woloson are officers of JMI Equity Side Associates, L.L.C. El Camino Advisors, LLC is the Managing General Partner of JMI Participating Partners. Mr. Noell, John J. Moores and Bryant W. Burke share voting and investment power as members of El Camino Advisors, LLC, the Managing General Partner of JMI Participating Partners. In addition, JMI Equity Fund IV, L.P., JMI Equity Fund IV (AI), L.P., JMI Euro Equity Fund IV, L.P., JMI Equity Side Fund, L.P., JMI Participating Partners, JMI Services, LLC, the Rebecca Ann Moores Family Trust, the Chloe Dahl Moores Irrevocable Personal 2012 Trust, the Cyrus N. Moores Irrevocable Personal 2012 Trust, the John J. Moores, III Irrevocable Personal 2012 Trust, the Kiev J. Moores Irrevocable Personal 2012 Trust and Mr. Noell are subject to the Voting Agreement, dated as of February 23, 2012 with JMI Incubator Fund, L.P. and JMI Incubator Fund (QP), L.P., pursuant to which each such person has agreed, among other things, to grant a proxy to and vote its shares as directed by JMI Incubator Fund, L.P. JMI Incubator Associates, L.L.C. is the general partner of JMI Incubator Fund, L.P. and may be deemed to have voting power over the shares held by other parties to the Voting Agreement. John J. Moores and Messrs. Noell and Gruner are managing members of JMI Incubator Associates, L.L.C. and may be deemed the beneficial owners of the shares beneficially owned by JMI Incubator Associates, L.L.C. JMI Services, LLC has entered into a Revolving Loans (Committed Loan) Loan Agreement and a Security and Pledge Agreement, dated as of February 24, 2012, pursuant to which JMI Services, LLC has granted to the lender a security interest in all of our shares held by it. The principal address for JMI Associates V, L.L.C., JMI Associates IV, L.L.C., JMI Equity Fund V, L.P., JMI Equity Fund V (AI), L.P., JMI Side Associates, L.L.C., JMI Equity Fund IV, L.P., JMI Equity Fund IV (AI), L.P., JMI Euro Equity Fund IV, L.P., and JMI Equity Side Fund, L.P. is 100 International Drive, Suite 19100, Baltimore, Maryland 21202. The principal address for JMI Services, LLC, JMI Participating Partners, the Rebecca Ann Moores Family Trust, the Chloe Dahl Moores Irrevocable Personal 2012 Trust, the Cyrus N. Moores Irrevocable Personal 2012 Trust, the John J. Moores, III Irrevocable Personal 2012 Trust, the Kiev J. Moores Irrevocable Personal 2012 Trust and Mr. Noell is 111 Congress Avenue, Suite 2600, Austin, Texas 78701.

(2) Consists of (i) 22,948,252 shares held by Sequoia Capital U.S. Growth Fund IV, LP (Sequoia Growth), and (ii) 996,092 shares held by Sequoia Capital USGF Principals Fund IV, LP (Sequoia Principals). SCGF IV Management, L.P. is the general partner of Sequoia Growth and Sequoia Principals. Mr. Leone, a member of our board of directors, is a Managing Member of SCGF IV Management, L.P. and may be deemed to share voting and investment power over these shares. The address for the entities affiliated with Sequoia Capital is 3000 Sand Hill Road, 4-250, Menlo Park, CA 94025. Does not include 337,500 shares purchased by SC US GF V Holdings, Ltd. from a former employee and a current non-management employee in June 2012.

(3) Consists of 2,184,460 shares held by Greylock XIII Limited Partnership, 196,667 shares held by Greylock XIII-A Limited Partnership and 69,853 shares held by Greylock XIII Principals LLC. The address for the entities affiliated with Greylock is 1 Brattle Square, Cambridge, MA 02138.

(4) Consists of (i) 100,000 shares held by the Slootman Living Trust dated September 8, 1999, of which Mr. Slootman is a co-trustee, (ii) 50,000 shares held by the CRB Irrevocable Trust, dated August 5, 2011, of which Mr. Slootman is a co-trustee, (iii) 50,000 shares held by the TJB Irrevocable Trust, dated August 5, 2011, of which Mr. Slootman is a co-trustee, and (iv) 6,350,456 shares subject to options held by Mr. Slootman that are exercisable within 60 days of May 31, 2012, of which 4,639,907 are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Slootman's cessation of service prior to vesting.

(5) Consists of (i) 1,500,000 shares held by the Luddy Family 2011 Dynasty Trust dated October 14, 2011, over which Mr. Luddy may be deemed to have voting and investment power, and (ii) 240,000 shares subject to options held by Mr. Luddy that are exercisable within 60 days of May 31, 2012, of which 60,000 are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Luddy's cessation of service prior to vesting, and (iii) 13,371,152 shares of common stock held by Mr. Luddy. If the underwriters' over-allotment option is exercised in full, then Mr. Luddy would sell an additional 397,500 shares and would beneficially own 12,063,652 shares of common stock after the offering, representing 8.94% of our outstanding common stock.

(6) Consists of (i) 1,379,044 shares subject to options held by Mr. Scarpelli that are exercisable within 60 days of May 31, 2012, all of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Scarpelli's cessation of service prior to vesting, and (ii) 275, 808 shares of common stock held by Mr. Scarpelli.

(7) Consists of 1,654,852 shares subject to options held by Mr. Schneider that are exercisable within 60 days of May 31, 2012, of which 1,277,051 are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Schneider's cessation of service prior to vesting.

(footnotes continue on next page)

(8) Consists of 1,350,000 shares subject to options held by Mr. Josefsberg that are exercisable within 60 days of May 31, 2012, all of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Josefsberg's cessation of service prior to vesting.

(9) Consists of 1,200,000 shares subject to options held by Mr. McGee that are exercisable within 60 days of May 31, 2012, all of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. McGee's cessation of service prior to vesting.

(10) Consists of the shares referred to in footnote (1) above held by JMI Equity Fund V, L.P., JMI Equity Fund V (AI), L.P., JMI Equity Fund IV, L.P., JMI Equity Fund IV (AI), L.P., JMI Euro Equity Fund IV, L.P., and JMI Equity Side Fund, L.P.

(11) Consists of (i) 150,000 shares subject to options held by Mr. Codd that are exercisable within 60 days of May 31, 2012, all of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Codd's cessation of service prior to vesting, and (ii) 50,000 shares of common stock held by Mr. Codd, of which 29,167 are unvested and would be subject to a right of repurchase in our favor upon Mr. Codd's cessation of service prior to vesting.

(12) Consists of the shares referred to in footnote (2) above.

(13) Consists of (i) 200,000 shares held by the Miller Living Trust, dtd 7/7/85 of which Mr. Miller is co-trustee, of which 129,167 are unvested and would be subject to a right of repurchase in our favor upon Mr. Miller's cessation of service prior to vesting.

(14) Consists of the shares referred to in footnote (1) above.

(15) Consists of 200,000 shares subject to options held by Mr. Strauss that are exercisable within 60 days of May 31, 2012, of which 129,167 are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Strauss' cessation of service prior to vesting.

(16) Consists of (i) 99,817,376 shares of common stock and (ii) 12,524,352 shares of common stock subject to options that are exercisable within 60 days of May 31, 2012. If the underwriters' over-allotment option is exercised in full, then executive officers and directors as a group would beneficially own 109,294,228 shares of common stock after the offering, representing 81.00% of our outstanding common stock.

(17) Consists of (i) 250,000 shares of common stock to be sold by Luddy Family 2011 Dynasty Trust dated October 14, 2011 and (ii) 2,400,000 shares of common stock to be sold by Mr. Luddy.

DESCRIPTION OF CAPITAL STOCK

General

Upon the closing of this offering, our authorized capital stock will consist of 600,000,000 shares of common stock, $0.001 par value per share, and 10,000,000 shares of preferred stock, $0.001 par value per share. A description of the material terms and provisions of our restated certificate of incorporation and restated bylaws affecting the rights of holders of our capital stock is set forth below. The description is intended as a summary, and is qualified in its entirety by reference to the form of our restated certificate of incorporation and the form of our restated bylaws to be in effect upon the closing of this offering that will be filed as exhibits to the registration statement relating to this prospectus.

As of March 31, 2012, and after giving effect to the conversion of all of our outstanding preferred stock into common stock upon closing of this offering, there were:

- 111,289,770 shares of common stock outstanding held by approximately 137 stockholders;
- 36,958,079 shares of common stock issuable upon the exercise of outstanding options with a weighted-average exercise price of $2.91 per share and 1,000,000 shares of common stock issuable pursuant to outstanding RSUs under our 2005 Stock Plan; and
- 4,300,809 shares of common stock available for future issuance under our 2005 Stock Plan.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our board of directors may determine.

Voting Rights

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Our restated certificate of incorporation eliminates the right of stockholders to cumulate votes for the election of directors. Our restated certificate of incorporation to be in effect upon the closing of this offering will establish a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Upon the closing of this offering, each currently outstanding share of preferred stock will be converted into common stock.

Upon the closing of this offering, we will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions. Our board of directors also can increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and may adversely affect the market price of our common stock and the voting and other rights of the holders of common stock. We have no current plan to issue any shares of preferred stock.

Equity Grants

As of March 31, 2012, 36,958,079 shares of our common stock were issuable upon exercise of outstanding options and 1,000,000 shares of common stock were issuable pursuant to outstanding RSUs under our 2005 Stock Plan.

Registration Rights

Common and Preferred Stock

According to the terms of our third amended and restated investor rights agreement entered into in November 2009, certain investors are entitled to demand, "piggyback" and Form S-3 registration rights. The stockholders who are a party to the investor rights agreement will hold an aggregate of 83,703,016 shares, or 70%, of our common stock upon the closing of this offering and the conversion of all existing series of our convertible preferred stock into shares of our common stock that are subject to the registration rights under that investor rights agreement. Such stockholders have waived their registration rights with respect to this offering.

Demand Registration Rights. At any time beginning on November 25, 2012, the holders of at least 40% of the shares having demand registration rights have the right to make up to two demands that we file a registration statement to register all or a portion of their shares so long as the aggregate number of securities requested to be sold under such registration statement is at least $4,000,000, subject to specified exceptions.

Form S-3 Registration Rights. If we are eligible to file a registration statement on Form S-3, the holders of at least 40% of the shares having registration rights have the right to demand that we file a registration statement on Form S-3 so long as the aggregate value of the securities to be sold under the registration statement on Form S-3 is at least $1,000,000, subject to specified exceptions.

"Piggyback" Registration Rights. If we register any securities for public sale, holders of registration rights are entitled to written notice of the registration and will have the right to include their shares in the registration statement. The underwriters of any offering will have the right to limit the number of shares having registration rights to be included in the registration statement, but not below 25% of the total number of shares included in the registration statement, unless such offering is our initial public offering and such registration does not include shares of any other selling stockholders, in which case any and all shares held by selling stockholders may be excluded from the offering.

Expenses of Registration. Generally, we are required to bear all registration and selling expenses incurred in connection with the demand, piggyback and Form S-3 registrations described above, other than underwriting discounts and commissions, stock transfer taxes and fees of counsel for any holder other than the reasonable fees of a single special counsel for the holders of registration rights.

Expiration of Registration Rights. The demand, piggyback and Form S-3 registration rights discussed above will terminate four years following the closing of this offering. In addition, the registration rights discussed above will terminate with respect to any stockholder entitled to these registration rights on the date when such stockholder holds less than three percent of our common stock then outstanding and is able to sell all of its registrable common stock in a single 90-day period under Rule 144 of the Securities Act.

Anti-Takeover Provisions

The provisions of Delaware law, our restated certificate of incorporation and our restated bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

Delaware Law

We are governed by the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents some Delaware corporations, including us, from engaging, under some circumstances, in a business combination, which includes a merger or sale of at least 10% of the corporation's assets with any interested stockholder, meaning a stockholder who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of the corporation's outstanding voting stock, unless:

- the transaction is approved by the board of directors prior to the time that the interested stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- at or subsequent to such time that the stockholder became an interested stockholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate or incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We do not plan to "opt out" of these provisions. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Restated Certificate of Incorporation and Restated Bylaw Provisions

Our restated certificate of incorporation and our restated bylaws to be in effect upon the closing of this offering will include a number of provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control, including the following:

- *Board of Directors Vacancies*. Our restated certificate of incorporation and restated bylaws will authorize only our board of directors to fill vacant directorships. In addition, the number of directors constituting our board of directors will be set only by resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.

- *Classified Board*. Our restated certificate of incorporation and restated bylaws will provide that our board of directors is classified into three classes of directors. The existence of a classified board could delay a successful tender offeror from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential offeror.
- *Stockholder Action; Special Meeting of Stockholders*. Our restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. Stockholders will not be permitted to cumulate their votes for the election of directors. Our restated bylaws will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our chief executive officer or our president.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations*. Our restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also will specify certain requirements regarding the form and content of a stockholder's notice. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.
- *Issuance of Undesignated Preferred Stock*. Our board of directors will have the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by the board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.
- *Super Majority Vote to Amend Certificate of Incorporation and Bylaws*. Our restated certificate of incorporation will provide that if two-thirds of our board of directors approves the amendment of our certificate of incorporation and bylaws, or any provisions thereof, then such amendment need only be approved by stockholders holding a majority of our outstanding shares of common stock entitled to vote. Otherwise, such amendment must be approved by stockholders holding two-thirds of our outstanding shares of common stock entitled to vote.

New York Stock Exchange Listing

Our common stock has been approved for listing on the New York Stock Exchange under the symbol "NOW."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has not been a public market for shares of our common stock. Future sales of substantial amounts of shares of our common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future.

Upon the closing of this offering, a total of 120,289,770 shares of common stock will be outstanding, assuming 111,289,770 shares outstanding as of March 31, 2012 and that there are no exercises of options after March 31, 2012. Of these shares, all 11,650,000 shares of common stock sold in this offering by us and the selling stockholders will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by “affiliates,” as that term is defined in Rule 144 under the Securities Act.

The remaining 108,639,770 shares of common stock will be “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements described below and subject to the provisions of Rules 144 and 701 under the Securities Act, these restricted securities will be available for sale in the public market as follows:

- on the date of this prospectus, none of the shares will be available for sale in the public market without restriction;
- beginning 181 days after the date of this prospectus, subject to extension as described in “Underwriting,” 106,188,790 shares will become eligible for sale in the public market, of which 8,978,916 shares will be freely tradable under Rules 144 and 701 and 97,209,874 shares will be freely tradable, subject to the limitations under Rules 144 and 701; and
- beginning February 21, 2013, 2,450,980 shares will become eligible for sale in the public market, all of which will be freely tradable under Rule 144.

In addition, of the 36,958,079 shares of our common stock that were subject to stock options outstanding as of March 31, 2012, options to purchase 7,449,076 shares of common stock were vested as of March 31, 2012 and will be eligible for sale 181 days following the effective date of this prospectus, subject to extension as described in “Underwriting.”

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person is entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon the expiration of the lock-up agreements described below, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately 1,202,898 shares immediately after the offering, or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction before the effective date of this offering that was completed in reliance on Rule 701 and complied with the requirements of Rule 701 will, subject to the lock-up restrictions described below, be eligible to resell such shares 90 days after the date of this prospectus in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

Lock-Up Agreements

We and each of our directors, officers and the holders of substantially all of our capital stock have agreed to the lock-up provisions described under "Underwriting."

Registration Rights

Upon the closing of this offering, the holders of an aggregate of 83,703,016 shares of our common stock, or their permitted transferees, will be entitled to rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration statement, except for shares purchased by affiliates. See "Description of Capital Stock—Registration Rights" for additional information.

Registration Statements

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of common stock subject to equity grants outstanding and reserved for issuance under our stock plans. We expect to file this registration statement as soon as practicable after this offering. However, none of the shares registered on Form S-8 will be eligible for resale until the expiration of the lock-up agreements to which they are subject.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

This section summarizes certain United States federal income tax considerations relating to the ownership and disposition of common stock for a non-U.S. holder (as defined below). This summary does not provide a complete analysis of all potential tax considerations. The information provided below is based upon provisions of the Code, and Treasury regulations promulgated thereunder, administrative rulings and judicial decisions currently in effect. These authorities may change at any time, possibly on a retroactive basis, or the Internal Revenue Service, or IRS, might interpret the existing authorities differently. In either case, the tax considerations of owning or disposing of common stock could differ from those described below. For purposes of this summary, a "non-U.S. holder" is any holder other than an entity taxable as a partnership for United States federal income tax purposes or:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized under the laws of the United States, any state or the District of Columbia;
- a trust that (1) is subject to the primary supervision of a United States court and one or more United States persons have authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or
- an estate whose income is subject to United States income tax regardless of source.

If you are a non-U.S. citizen that is an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to United States federal income tax as if they were United States citizens. Such an individual is urged to consult his or her own tax advisor regarding the United States federal income tax consequences of the sale, exchange of other disposition of common stock. If a partnership or other pass-through entity is a beneficial owner of common stock, the tax treatment of a partner in the partnership or an owner of the entity will depend upon the status of the partner or other owner and the activities of the partnership or other entity. Any partner in a partnership or member in a pass-through entity holding shares of our common stock should consult its own tax advisor.

This discussion assumes that a non-U.S. holder will hold our common stock as a capital asset (generally, property held for investment). This summary generally does not address tax considerations that may be relevant to particular investors because of their specific circumstances, or because they are subject to special rules, including, without limitation, if the investor is a United States expatriate, "controlled foreign corporation," "passive foreign investment company," corporation that accumulates earnings to avoid United States federal income tax, dealer in securities or currencies, financial institution, regulated investment company, real estate investment trust, tax-exempt entity, insurance company, person holding our common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, trader in securities that elects to use a mark-to-market method of accounting, person liable for the alternative minimum tax, person whose functional currency is other than the U.S. dollar, person who acquired our common stock as compensation for services, and partner or beneficial owner in a pass-through entity. Finally, this summary does not describe the effects of any applicable foreign, state or local laws, or, except to the extent discussed below, the effects of any applicable gift or estate tax laws.

INVESTORS CONSIDERING THE PURCHASE OF OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL

INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF FOREIGN, STATE OR LOCAL LAWS, AND TAX TREATIES.

Dividends

We do not expect to declare or pay any dividends on our common stock in the foreseeable future. If we do pay dividends on shares of our common stock, however, such distributions will constitute dividends for United States federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a non-U.S. holder's adjusted tax basis in shares of our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of our common stock. See "—Sale of Common Stock."

Any dividend paid to a non-U.S. holder on our common stock will generally be subject to United States withholding tax at a 30% rate. The withholding tax might not apply, however, or might apply at a reduced rate, under the terms of an applicable income tax treaty between the United States and the non-U.S. holder's country of residence. You should consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing a Form W-8BEN (or any successor form) or appropriate substitute form to us or our paying agent. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. For payments made to a foreign partnership or other pass-through entity, the certification requirements generally apply to the partners or other owners rather than to the partnership or other entity, and the partnership or other entity must provide the partners' or other owners' documentation to us or our paying agent. If you are eligible for a reduced rate of United States federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS in a timely manner.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder, or, if an income tax treaty between the United States and the non-U.S. holder's country of residence applies, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are not subject to such withholding tax. To obtain this exemption, a non-U.S. holder must provide us with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are generally taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition to the graduated tax described above, dividends received by corporate non-U.S. holders that are effectively connected with a U.S. trade or business of the corporate non-U.S. holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

Sale of Common Stock

Non-U.S. holders will generally not be subject to United States federal income tax on any gains realized on the sale, exchange or other disposition of common stock unless:

- the gain (1) is effectively connected with the conduct by the non-U.S. holder of a United States trade or business and (2) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence applies, the gain is attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by the non-U.S. holder in the United States (in which case the special rules described below apply);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition of our common stock, and certain other

requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States); or

- the rules of the Foreign Investment in Real Property Tax Act, or FIRPTA, treat the gain as effectively connected with a United States trade or business.

The FIRPTA rules may apply to a sale, exchange or other disposition of our common stock if we are, or were within the shorter of the five-year period preceding the disposition and the non-U.S. holder's holding period a "U.S. real property holding corporation," or USRPHC. In general, we would be a USRPHC if interests in United States real estate comprised at least half of our business assets. We do not believe that we are a USRPHC and we do not anticipate becoming one in the future. Even if we become a USRPHC, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as United States real property interests only if a non-U.S. holder actually owns or constructively holds more than 5% of our outstanding common stock.

If any gain from the sale, exchange or other disposition of common stock, (1) is effectively connected with a United States trade or business conducted by a non-U.S. holder and (2) if an income tax treaty between the United States and the non-U.S. holder's country of residence applies, is attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by such non-U.S. holder in the United States, then the gain generally will be subject to United States federal income tax at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If the non-U.S. holder is a corporation, under certain circumstances, that portion of its earnings and profits that is effectively connected with its United States trade or business, subject to certain adjustments, generally would be subject to a "branch profits tax." The branch profits tax rate is generally 30%, although an applicable income tax treaty between the United States and the non-U.S. holder's country of residence might provide for a lower rate.

United States Federal Estate Tax

The estates of nonresident alien individuals generally are subject to United States federal estate tax on property with a United States situs. Because we are a United States corporation, our common stock will be United States situs property and therefore will be included in the taxable estate of a nonresident alien decedent, unless an applicable tax treaty between the United States and the decedent's country of residence provides otherwise.

Backup Withholding and Information Reporting

The Code and the Treasury regulations require those who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by "backup withholding" rules. These rules require the payors to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by failing to provide his taxpayer identification number to the payor, furnishing an incorrect identification number, or failing to report interest or dividends on his returns. The backup withholding tax rate is currently 28% for all payments made through December 31, 2012. The backup withholding rules do not apply to payments to corporations, whether domestic or foreign, provided that they establish such exemption.

Payments to non-U.S. holders of dividends on common stock generally will not be subject to backup withholding, and payments of proceeds made to non-U.S. holders by a broker upon a sale of common stock will not be subject to information reporting or backup withholding, in each case so long as the non-U.S. holder certifies its nonresident status (and we or our paying agent do not have actual knowledge or reason to know the holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied) or otherwise establishes an exemption. The provision of a properly executed Form W-8BEN will generally satisfy the certification requirements necessary to avoid the backup withholding tax as well. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to these dividends. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

Under the Treasury regulations, the payment of proceeds from the disposition of shares of our common stock by a non-U.S. holder made to or through a United States office of a broker generally will be subject to information reporting and backup withholding unless the beneficial owner certifies, under penalties of perjury, among other things, its status as a non-U.S. holder (and we or our paying agent do not have actual knowledge or reason to know the holder is a United States person) or otherwise establishes an exemption. The payment of proceeds from the disposition of shares of our common stock by a non-U.S. holder made to or through a non-United States office of a broker generally will not be subject to backup withholding and information reporting, except as noted below. Information reporting, but not backup withholding, will apply to a payment of proceeds, even if that payment is made outside of the United States, if you sell our common stock through a non-United States office of a broker that is:

- a United States person (including a foreign branch or office of such person);
- a "controlled foreign corporation" for United States federal income tax purposes;
- a foreign person 50% or more of whose gross income from certain periods is effectively connected with a United States trade or business; or
- a foreign partnership if at any time during its tax year (a) one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interests of the partnership or (b) the foreign partnership is engaged in a United States trade or business;

unless the broker has documentary evidence that the beneficial owner is a non-U.S. holder and certain other conditions are satisfied, or the beneficial owner otherwise establishes an exemption (and the broker has no actual knowledge or reason to know to the contrary).

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of common stock under the backup withholding rules can be credited against any United States federal income tax liability of the holder and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act may impose withholding taxes on certain types of U.S. source income "withholdable payments" (including dividends, rents, gains from the sale of U.S. equity securities and certain interest payments) made to "foreign financial institutions" and certain other "non-financial foreign entities" unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. Withholding under this legislation on withholdable payments to foreign financial institutions and non-financial foreign entities is expected to apply after December 31, 2014 with respect to gross proceeds of a disposition of property that can produce U.S. source interest or dividends and after December 31, 2013 with respect to other withholdable payments (although the legislation may apply sooner for such other withholdable payments made to non-financial foreign entities). Non-U.S. holders should consult their own tax advisors regarding the possible implications of this legislation on their investment.

THE PRECEDING DISCUSSION OF UNITED STATES FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC is acting as representative, have severally agreed to purchase, and we and the selling stockholders have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Citigroup Global Markets, Inc.	
Deutsche Bank Securities Inc.	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
UBS Securities LLC	
Pacific Crest Securities LLC	
Wells Fargo Securities, LLC	
Total	11,650,000

The underwriters are offering the shares of common stock subject to their acceptance of the shares and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. In addition, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 1,747,500 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of common stock as the number of shares listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock from us and the selling stockholders.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by:			
Us	$	$	$
The selling stockholders	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds, before expenses, to selling stockholders	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $2,900,000.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

Our common stock has been approved for listing on the New York Stock Exchange under the trading symbol "NOW."

We have agreed that, without the prior written consent of Morgan Stanley & Co. LLC on behalf of the underwriters, we will not, during the period ending 180 days after the date of this prospectus, subject to certain exceptions:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or a material news event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period;

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

All of our officers and directors and the holders of substantially all of our capital stock have entered into lock-up agreements with us which provide that they will not offer, sell or transfer any shares of our common stock beneficially owned by them for 180 days, subject in certain cases to extension under certain circumstances, following the date of this prospectus. We have agreed with Morgan Stanley & Co. LLC not to waive these lock-up restrictions without their prior consent.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time. The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

We, the selling stockholders and the underwriters have agreed to severally indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. We cannot assure you that the prices at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our common stock will develop and continue after this offering.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses. Certain of the underwriters or their affiliates are lenders under our credit facility.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for the shares of common stock. The initial public offering price will be determined by negotiations between us and the representative. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or Relevant Member State, an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

This prospectus and any other material in relation to the shares described herein is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospective Directive, or qualified investors, that also (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, (ii) who fall within Article 49(2)(a) to (d) of the Order or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such shares will be engaged in only with, relevant persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus or any of its contents.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571 Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, our company, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Fenwick & West LLP, Mountain View, California. Cooley LLP, Palo Alto, California, is acting as counsel to the underwriters.

CHANGE IN ACCOUNTANTS

On February 4, 2011, we retained PricewaterhouseCoopers LLP as our independent registered public accounting firm. Our independent registered public accounting firm was previously Grant Thornton LLP. The decision to dismiss Grant Thornton LLP and appoint PricewaterhouseCoopers LLP was approved by our audit committee on December 3, 2010. Subsequent to their appointment, we engaged PricewaterhouseCoopers LLP to reaudit our consolidated financial statements as of June 30, 2009 and 2010, and for each of the two years in the period then ended, which had previously been audited by Grant Thornton LLP.

The reports of Grant Thornton LLP on our consolidated financial statements did not contain any adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles. We had no disagreements with Grant Thornton LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to its satisfaction, would have caused Grant Thornton LLP to make reference in connection with its opinion to the subject matter of the disagreement during its audits of the years ended June 30, 2010 and 2009 or the subsequent interim period through December 3, 2010. During the two most recent fiscal years preceding our discharge of Grant Thornton LLP, and the subsequent interim period through December 3, 2010, there were no “reportable events” as such term is defined in Item 304(a)(1)(v) of Regulation S-K.

During the two years ended June 30, 2010 and through the period ended February 4, 2011, we did not consult with PricewaterhouseCoopers LLP on matters that involved the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on our financial statements or any other matter that was the subject of a disagreement as that term is used in Item 304 (a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K or a reportable event as that term is used in Item 304(a)(1)(v) and the related instructions to Item 304 of Regulation S-K.

EXPERTS

The consolidated financial statements as of June 30, 2010 and 2011 and December 31, 2011, for each of the three fiscal years in the period ended June 30, 2011 and for the six months ended December 31, 2011 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. We currently do not file periodic reports with the SEC. Upon closing of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

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SERVICENOW, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of ServiceNow, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income (loss), changes in convertible preferred stock and stockholders' deficit, and cash flows present fairly, in all material respects, the financial position of ServiceNow, Inc. (formerly Service-now.com) and its subsidiaries at December 31, 2011, June 30, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2011 and the six months ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for multiple element revenue arrangements beginning July 1, 2010.

/s/ PricewaterhouseCoopers LLP

San Diego, California
March 30, 2012, except for Note 18, "Subsequent Events," as to which the date is May 23, 2012.

SERVICENOW, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2010	June 30, 2011	December 31, 2011	March 31, 2012	Pro forma as of March 31, 2012
				(Unaudited)	(Unaudited)
Assets					
Current assets:					
Cash and cash equivalents	$ 29,402	$ 59,853	$ 68,088	$ 80,140	$ 80,140
Restricted cash	395	45	45	37	37
Short-term investments	—	—	—	15,344	15,344
Accounts receivable	9,732	24,495	44,860	42,894	42,894
Current portion of deferred commissions	2,267	3,922	6,087	7,594	7,594
Prepaid expenses and other current assets	5,696	8,578	9,883	5,768	5,768
Current portion of deferred tax assets	—	—	1,544	1,544	1,544
Total current assets	47,492	96,893	130,507	153,321	153,321
Deferred commissions, less current portion	2,052	1,941	4,597	6,010	6,010
Property and equipment, net	1,698	9,467	20,695	24,091	24,091
Other assets	127	445	524	1,576	1,576
Total assets	$ 51,369	$108,746	$ 156,323	$ 184,998	$ 184,998
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)					
Current liabilities:					
Accounts payable	$ 1,570	$ 2,098	$ 9,411	$ 7,089	$ 7,089
Accrued expenses and other current liabilities	12,729	18,584	25,608	28,102	28,102
Current portion of deferred revenue	31,282	66,894	91,087	97,546	97,546
Current portion of deferred rent	113	410	455	435	435
Total current liabilities	45,694	87,986	126,561	133,172	133,172
Deferred revenue, less current portion	9,449	7,752	13,549	18,211	18,211
Deferred rent, less current portion	249	3,132	2,935	2,903	2,903
Other long-term liabilities	12	397	2,532	2,583	2,583
Total liabilities	55,404	99,267	145,577	156,869	156,869
Commitments and contingencies					
Convertible preferred stock:					
Series C redeemable convertible preferred stock, $0.001 par value; 983,606 shares authorized, issued and outstanding; liquidation preference of $6,000 at March 31, 2012	5,930	5,948	5,957	5,962	—
Series A redeemable convertible preferred stock, $0.001 par value; 2,500,000 shares authorized, issued and outstanding; liquidation preference of $3,855 at March 31, 2012	3,504	3,704	3,805	3,855	—
Series B redeemable convertible preferred stock, $0.001 par value; 4,040,488 shares authorized; 3,988,636 shares issued and outstanding; liquidation preference of $7,265 at March 31, 2012	6,548	6,963	7,165	7,265	—
Series D convertible preferred stock, $0.001 par value; 3,830,379 shares authorized; 2,990,635 shares issued and outstanding; liquidation preference of $51,640 at March 31, 2012	51,245	51,245	51,245	51,245	—
Stockholders' equity (deficit):					
Common stock $0.001 par value; 200,000,000 shares authorized; 16,493,488, 20,772,944, 22,229,978, and 27,586,754 shares issued and outstanding at June 30, 2010 and 2011, December 31, 2011, and March 31, 2012, respectively; 111,289,770 shares issued and outstanding pro forma	16	21	22	28	111
Additional paid-in capital	—	2,936	9,793	32,783	101,027
Accumulated other comprehensive income	8	118	899	771	771
Accumulated deficit	(71,286)	(61,456)	(68,140)	(73,780)	(73,780)
Total stockholders' equity (deficit)	(71,262)	(58,381)	(57,426)	(40,198)	28,129
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 51,369	$108,746	$ 156,323	$ 184,998	$ 184,998

See accompanying notes to consolidated financial statements

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands, except share and per share data)

	Fiscal Years Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Revenues:							
Subscription	$ 17,841	$ 40,078	$ 79,191	$ 33,191	$ 64,886	$ 21,224	$ 39,541
Professional services and other	1,474	3,251	13,450	4,753	8,489	3,988	7,890
Total revenues	19,315	43,329	92,641	37,944	73,375	25,212	47,431
Cost of revenues(1):							
Subscription	3,140	6,378	15,311	6,096	15,073	4,451	11,012
Professional services and other	4,711	9,812	16,264	6,778	12,850	4,763	10,224
Total cost of revenues	7,851	16,190	31,575	12,874	27,923	9,214	21,236
Gross profit	11,464	27,139	61,066	25,070	45,452	15,998	26,195
Operating expenses(1):							
Sales and marketing	8,499	19,334	34,123	13,728	32,501	8,309	19,307
Research and development	2,433	7,194	7,004	2,758	7,030	1,885	6,043
General and administrative	6,363	28,810	9,379	3,417	10,084	2,680	6,427
Total operating expenses	17,295	55,338	50,506	19,903	49,615	12,874	31,777
Income (loss) from operations	(5,831)	(28,199)	10,560	5,167	(4,163)	3,124	(5,582)
Interest and other income (expense), net	(27)	(1,226)	606	289	(1,446)	252	492
Income (loss) before provision for income taxes	(5,858)	(29,425)	11,166	5,456	(5,609)	3,376	(5,090)
Provision for income taxes	48	280	1,336	653	1,075	385	550
Net income (loss)	(5,906)	(29,705)	9,830	4,803	(6,684)	2,991	(5,640)
Net income (loss) per share attributable to common stockholders:							
Basic	$ (0.17)	$ (1.31)	$ 0.09	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Diluted	$ (0.17)	$ (1.31)	$ 0.08	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:							
Basic	39,039,066	23,157,576	18,163,977	17,156,445	21,104,219	18,702,229	25,123,582
Diluted	39,039,066	23,157,576	28,095,486	27,622,357	21,104,219	28,368,105	25,123,582
Pro forma net income (loss) per share attributable to common stockholders (unaudited):							
Basic			$ 0.09		$ (0.06)		$ (0.05)
Diluted			$ 0.09		$ (0.06)		$ (0.05)
Pro forma weighted-average shares used to compute pro forma net income (loss) per share attributable to common stockholders (unaudited):							
Basic			103,617,973		106,558,215		108,826,598
Diluted			113,633,033		106,558,215		108,826,598
Other comprehensive income (loss), before tax:							
Foreign currency translation adjustments	$ 50	$ (43)	$ 167	$ (49)	$ 807	$ 228	$ (68)
Provision for (benefit from) income taxes	18	(15)	57	(14)	26	—	60
Other comprehensive income (loss), net of tax	32	(28)	110	(35)	781	228	(128)
Comprehensive income (loss)	$ (5,874)	$ (29,733)	$ 9,940	$ 4,768	$ (5,903)	$ 3,219	$ (5,768)

See accompanying notes to consolidated financial statements

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (continued)
(in thousands, except share and per share data)

(1) Includes stock-based compensation as follows:

	Fiscal Years Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Cost of revenues:							
Subscription	$ 6	$ 48	$ 548	$ 225	$ 674	$ 156	$ 532
Professional services and other	11	28	117	37	193	38	192
Sales and marketing	45	277	1,004	431	2,010	288	1,471
Research and development	50	90	468	207	704	143	661
General and administrative	15	102	817	221	2,056	130	1,062

See accompanying notes to consolidated financial statements

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except shares)

	Series C Redeemable Convertible Preferred Stock		Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at June 30, 2008	—	$ —	2,500,000	$ 3,092	3,988,636	$ 5,718	—	$ —	40,487,504	$ 40	$ —	$ (13,156)	$ 4	$ (13,112)
Stock option exercises	—	—	—	—	—	—	—	—	348,328	1	6	—	—	7
Buyback and retirement of common stock	—	—	—	—	—	—	—	—	(7,868,848)	(8)	(133)	(2,072)	—	(2,213)
Issuance of series C redeemable convertible preferred stock, net of $93 issuance costs	983,606	5,907	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	127	—	—	127
Accretion of preferred stock dividends and issuance costs	—	4	—	206	—	415	—	—	—	—	—	(625)	—	(625)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	32	32
Net loss	—	—	—	—	—	—	—	—	—	—	—	(5,906)	—	(5,906)
Balance at June 30, 2009	983,606	$ 5,911	2,500,000	$ 3,298	3,988,636	$ 6,133	—	$ —	32,966,984	$ 33	$ —	$ (21,759)	$ 36	$ (21,690)
Stock option exercises	—	$ —	—	$ —	—	$ —	—	$ —	7,036,768	$ 7	$ 234	$ —	$ —	$ 241
Buyback and retirement of common stock	—	—	—	—	—	—	—	—	(23,510,264)	(24)	(779)	(19,182)	—	(19,985)
Issuance of series D convertible preferred stock, net of $395 issuance costs	—	—	—	—	—	—	2,990,635	51,245	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	545	—	—	545
Accretion of preferred stock dividends and issuance costs	—	19	—	206	—	415	—	—	—	—	—	(640)	—	(640)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	(28)	(28)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(29,705)	—	(29,705)
Balance at June 30, 2010	983,606	$ 5,930	2,500,000	$ 3,504	3,988,636	$ 6,548	2,990,635	$ 51,245	16,493,488	$ 16	$ —	$ (71,286)	$ 8	$ (71,262)

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT (continued)
(in thousands, except shares)

	Series C Redeemable Convertible Preferred Stock		Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Stock option exercises	—	—	—	—	—	—	—	—	4,279,456	5	441	—	—	446
Tax benefit from exercise of nonqualified stock options	—	—	—	—	—	—	—	—	—	—	138	—	—	138
Vesting of early exercised stock options	—	—	—	—	—	—	—	—	—	—	36	—	—	36
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	2,954	—	—	2,954
Accretion of preferred stock dividends and issuance costs	—	18	—	200	—	415	—	—	—	—	(633)	—	—	(633)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	110	110
Net income	—	—	—	—	—	—	—	—	—	—	—	9,830	—	9,830
Balance at June 30, 2011	983,606	$ 5,948	2,500,000	$ 3,704	3,988,636	$ 6,963	2,990,635	$ 51,245	20,772,944	$ 21	$ 2,936	$ (61,456)	$ 118	$ (58,381)
Stock option exercises	—	$ —	—	$ —	—	$ —	—	$ —	1,469,118	$ 1	$ 1,283	$ —	$ —	$ 1,284
Tax benefit from exercise of nonqualified stock options	—	—	—	—	—	—	—	—	—	—	41	—	—	41
Vesting of early exercised stock options	—	—	—	—	—	—	—	—	—	—	208	—	—	208
Buyback of restricted common stock	—	—	—	—	—	—	—	—	(12,084)	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	5,637	—	—	5,637
Accretion of preferred stock dividends and issuance costs	—	9	—	101	—	202	—	—	—	—	(312)	—	—	(312)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	781	781
Net loss	—	—	—	—	—	—	—	—	—	—	—	(6,684)	—	(6,684)
Balance at December 31, 2011	983,606	$ 5,957	2,500,000	$ 3,805	3,988,636	$ 7,165	2,990,635	$ 51,245	22,229,978	$ 22	$ 9,793	$ (68,140)	$ 899	$ (57,426)

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT (continued)
(in thousands, except shares)

	Series C Redeemable Convertible Preferred Stock		Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Stock option exercises (unaudited)	—	—	—	—	—	—	—	—	3,712,462	4	1,297	—	—	1,301
Issuance of common stock, net of $12 issuance costs (unaudited)	—	—	—	—	—	—	—	—	1,750,980	2	17,846	—	—	17,848
Tax benefit from exercise of nonqualified stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	960	—	—	960
Vesting of early exercised stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	115	—	—	115
Buyback and retirement of common stock (unaudited)	—	—	—	—	—	—	—	—	(106,666)	—	(1,069)	—	—	(1,069)
Stock-based compensation (unaudited)	—	—	—	—	—	—	—	—	—	—	3,995	—	—	3,995
Accretion of preferred stock dividends and issuance costs (unaudited)	—	5	—	50	—	100	—	—	—	—	(154)	—	—	(154)
Other comprehensive loss (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	(128)	(128)
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	—	—	(5,640)	—	(5,640)
Balance at March 31, 2012	983,606	$ 5,962	2,500,000	$ 3,855	3,988,636	$ 7,265	2,990,635	$ 51,245	27,586,754	$ 28	$ 32,783	$ (73,780)	$ 771	$ (40,198)

See accompanying notes to consolidated financial statements

SERVICENOW, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Years Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Cash flows from operating activities:							
Net income (loss)	$(5,906)	$(29,705)	$ 9,830	$ 4,803	$ (6,684)	$ 2,991	$ (5,640)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:							
Depreciation	164	369	1,472	502	2,045	406	2,047
Amortization of deferred commissions	458	2,189	4,023	1,642	3,492	1,105	2,343
Stock-based compensation	127	545	2,954	1,121	5,637	755	3,918
Tax benefit from exercise of stock options	—	—	(138)	(117)	(41)	(43)	(960)
Expense for preferred stock warrants	61	702	—	—	—	—	—
Bad debt	5	64	—	—	—	—	—
(Gain) Loss on disposal of property and equipment	—	—	60	—	72	60	(1)
Changes in operating assets and liabilities:							
Accounts receivable	(1,981)	(5,176)	(14,762)	(7,631)	(20,365)	(8,502)	2,058
Deferred commissions	(1,694)	(5,271)	(5,568)	(2,180)	(8,313)	(1,541)	(5,253)
Prepaid expenses and other current assets	(778)	(4,851)	(2,872)	(560)	(1,355)	(1,547)	4,172
Other assets	97	(91)	(308)	(88)	(90)	(215)	(74)
Accounts payable	191	912	254	(845)	1,490	932	1,433
Accrued expenses and other current liabilities	2,443	8,901	5,438	1,569	6,921	2,632	1,065
Deferred rent	62	(85)	3,179	(57)	(151)	2,673	(51)
Deferred revenue	6,911	23,953	33,915	12,557	29,990	14,382	11,022
Other long-term liabilities	—	12	(9)	(5)	572	(2)	—
Net cash provided by (used in) operating activities	160	(7,532)	37,468	10,711	13,220	14,086	16,079
Cash flows from investing activities:							
Purchase of property and equipment	(327)	(1,584)	(8,733)	(2,057)	(7,959)	(3,826)	(8,558)
Purchases of investments	—	—	—	—	—	—	(15,344)
Restricted cash	(524)	129	350	200	—	150	8
Net cash used in investing activities	(851)	(1,455)	(8,383)	(1,857)	(7,959)	(3,676)	(23,894)
Cash flows from financing activities:							
Proceeds from exercise of stock options	7	241	446	105	1,284	91	1,301
Proceeds from early exercise of stock options	—	—	643	—	844	431	887
Tax benefit from exercise of stock options	—	—	138	117	41	43	960
Net proceeds from issuance of convertible preferred stock	5,907	51,245	—	—	—	—	—
Net proceeds from issuance of common stock	—	—	—	—	—	—	17,848
Purchase of common stock and restricted stock from stockholders	(2,213)	(20,814)	—	—	(15)	—	(1,069)
Net cash provided by financing activities	3,701	30,672	1,227	222	2,154	565	19,927
Foreign currency effect on cash	6	(71)	139	(21)	820	241	(60)
Net increase in cash and cash equivalents	3,016	21,614	30,451	9,055	8,235	11,216	12,052
Cash at beginning of period	4,772	7,788	29,402	29,402	59,853	38,457	68,088
Cash and cash equivalents at end of period	$ 7,788	$ 29,402	$ 59,853	$ 38,457	$ 68,088	$ 49,673	$ 80,140
Supplemental disclosures of other cash flow information:							
Interest paid	$ 4	$ 10	$ 5	$ 1	$ —	$ —	$ 2
Taxes paid	5	4	1,403	—	360	—	1,067
Non-cash investing and financing activities:							
Property and equipment included in accounts payable and accrued expenses	$ 7	$ 196	$ 756	$ 369	$ 6,296	$ 910	$ 3,078
Property and equipment acquired under capital leases	—	25	—	—	—	—	—
Vesting of early exercised stock options	—	—	36	—	208	—	115
Accretion of preferred stock dividends and issuance costs	625	640	633	320	312	156	154
Deferred offering costs not yet paid	—	—	—	—	—	—	967

See accompanying notes to consolidated financial statements

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of the Business

ServiceNow, Inc. (formerly Service-now.com) is a leading provider of cloud-based services to automate enterprise IT operations. Our service includes a suite of applications built on our proprietary platform that automates workflow and integrates related business processes. 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, to lower operational costs and to enhance efficiency. Additionally, our customers use our extensible platform to build custom applications for automating activities unique to their business requirements.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, or GAAP, and include our accounts and the accounts of our wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

Stock Split

The consolidated financial statements reflect three 2-for-1 stock splits of our common stock with no corresponding change in par value, approved by the Board of Directors and stockholders, effective July 30, 2010, May 13, 2011 and December 15, 2011. Share and per share amounts have been retroactively restated to reflect the stock splits for all periods presented.

Per the terms of the convertible preferred stock, each stock split results in a proportional adjustment to the conversion ratio of each series of the convertible preferred stock. As a result, at March 31, 2012, each share of convertible preferred stock is convertible at any time at the option of the holder into eight shares of common stock.

Fiscal Year Change

On February 3, 2012, our board of directors approved a change to our fiscal year end from June 30 to December 31. Included in this report is the transition period for the six months ended December 31, 2011. Accordingly, we present the consolidated balance sheets as of June 30, 2010 and 2011, December 31, 2011 and March 31, 2012, and the consolidated statements of comprehensive income (loss), changes in convertible preferred stock and stockholders' deficit, and cash flows for the fiscal years ended June 30, 2009, 2010 and 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012. References to fiscal 2009, 2010 and 2011 still refer to the fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Items subject to the use of estimates include revenue recognition, the determination of the provision for income taxes, loss contingencies and the fair value of stock awards.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited Interim Financial Information

The accompanying consolidated statements of comprehensive income and cash flows for the six months ended December 31, 2010 and the three months ended March 31, 2011 and 2012 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments necessary to state fairly our results of operations and cash flows for the six months ended December 31, 2010 and the three months ended March 31, 2011 and 2012. The financial data and the other information disclosed in these notes to the consolidated financial statements related to the six-month period and the three-month periods are unaudited.

Unaudited Pro Forma Balance Sheet

Upon the consummation of the initial public offering, or IPO, all of the outstanding shares of convertible preferred stock will automatically convert into shares of common stock, assuming we raise at least $50.0 million. The unaudited pro forma data as of March 31, 2012 has been prepared assuming the conversion of the convertible preferred stock outstanding into 83,703,016 shares of common stock.

Segments

We define the term “chief operating decision maker” to be our Chief Executive Officer. Our Chief Executive Officer reviews the financial information presented on a consolidated basis, accompanied by disaggregated information about revenue by geographic region for purposes of allocating resources and evaluation of financial performance. Accordingly, we have determined that we operate in a single reporting segment, enterprise IT operations management.

Revenue Recognition

We derive our revenues from two sources: (i) subscriptions and (ii) professional services and other. Subscription revenues are primarily comprised of fees which give customers access to our suite of on-demand applications, as well as access to our extensible platform to build custom applications. Our contracts typically do not give the customer the right to take possession of the software supporting the solution. Professional services and other revenues consist of fees associated with the implementation and configuration of our service. Professional services and other revenues also include customer training and attendance fees for Knowledge, our annual user conference.

We commence revenue recognition when all of the following conditions are met:

- There is persuasive evidence of an arrangement;
- The service has been provided to the customer;
- The collection of related fees is reasonably assured; and
- The amount of fees to be paid by the customer is fixed or determinable.

Signed agreements are used as evidence of an arrangement. If a signed contract by the customer does not exist, we have historically used either a purchase order or a signed order form as evidence of an arrangement. In cases where both a signed contract and either a purchase order or signed order form exist, we consider the signed contract to be the final persuasive evidence of an arrangement.

Subscription revenues are recognized ratably over the contract term beginning on the commencement date of each contract, which is the date we make our service available to our customers. Once our service is available to customers, amounts that have been invoiced are recorded in accounts receivable and in deferred revenue. The majority of our professional services are priced on a fixed-fee basis. A limited number of our professional services are priced on a time-and-materials basis. Professional services and other revenues are recognized as the services are delivered using a proportional performance model. Such services are delivered over a short period of time. In instances where final acceptance of the services are required before revenues are recognized, revenues and the associated costs are deferred until all acceptance criteria have been met.

We assess collectibility based on a number of factors such as past collection history with the customer and creditworthiness of the customer. If we determine collectibility is not reasonably assured, we defer the revenue recognition until collectibility becomes reasonably assured. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. Our arrangements do not include general rights of return.

We have multiple element arrangements comprised of subscription fees and professional services. In October 2009, the Financial Accounting Standards Board, or FASB, ratified authoritative accounting guidance regarding revenue recognition for arrangements with multiple deliverables effective for fiscal periods beginning on or after June 15, 2010. The guidance affects the determination of separate units of accounting in arrangements with multiple deliverables and the allocation of transaction consideration to each of the identified units of accounting. Previously, a delivered item was considered a separate unit of accounting when (i) it had value to the customer on a stand-alone basis, (ii) there was objective and reliable evidence of the fair value of the undelivered items, and (iii) there was no general right of return relative to the delivered services or the performance of the undelivered services was probable and substantially controlled by the vendor. The new guidance eliminates the requirement for objective and reliable evidence of fair value to exist for the undelivered items in order for a delivered item to be treated as a separate unit of accounting. The guidance also requires arrangement consideration to be allocated at the inception of the arrangement to all deliverables using the relative-selling-price method and eliminates the use of the residual method of allocation. Under the relative-selling-price method, the selling price for each deliverable is determined using vendor-specific objective evidence, or VSOE, of selling price or third-party evidence, or TPE, of selling price if VSOE does not exist. If neither VSOE nor TPE of selling price exists for a deliverable, the guidance requires an entity to determine the best estimate of selling price, or BESP.

Prior to the adoption of this authoritative accounting guidance, we did not have objective and reliable evidence of fair value for the items in our multiple element arrangements. As a result, we accounted for subscription and professional services revenues as one unit of account. Because both the subscription service and the professional services represent separate activites that are priced independently, we recognized total contracted revenues ratably over the contracted term of the subscription agreement.

We adopted the new guidance on a prospective basis for fiscal 2011. As a result, this guidance was applied to all revenue arrangements entered into or materially modified since July 1, 2010. Upon adoption of this authoritative accounting guidance, we have accounted for subscription and professional services revenues as separate units of accounting. To qualify as a separate unit of accounting, the delivered item must have value to the customer on a standalone basis. Our subscription service has standalone value because it is routinely sold separately by us. In determining whether professional services have standalone value, we consider the following factors for each professional services agreement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date and the contractual dependence of the subscription service on the customer's satisfaction with the professional services work. Our professional services, including implementation and configuration services, are not so unique and complex that other vendors cannot provide them. In some instances, our customers independently contract with third-party vendors to do the implementation and we regularly outsource implementation services to contracted third-party vendors. As a result, we concluded that professional services including implementation and configuration services have standalone value. Our on-demand application is fully functional without any additional development, modification or customization. We provide customers access to our subscription service at the beginning of the contract term.

We determine the selling price of each deliverable in the arrangement based on the selling price hierarchy. The selling price for each unit of account is based on the BESP since VSOE and TPE are not available for our subscription service or professional services and other. The BESP for each deliverable is determined primarily by considering the historical selling price of these deliverables in similar transactions as well as other factors, including, but not limited to, market competition, review of stand-alone sales and pricing practices. The total arrangement fee for these multiple element arrangements is then allocated to the separate units of account based on the relative selling price. The method used to determine the BESP for our subscription service is consistent with the method used to determine prices for our services that are sold regularly on a standalone basis. In determining the appropriate pricing structure, we consider the extent of competitive pricing of similar products, marketing analyses and other feedback from analysts. We price our subscription service based on the number of users with a defined process role, according to a tiered structure. The BESP for our subscription service is based upon the historical selling price of these deliverables. Historically, our professional services were priced on a fixed-fee basis as a percentage of the subscription fee. We also prepared a standard build-up cost analysis to estimate the fixed fee for our professional services based on the estimated level of effort to complete the professional services. If professional services were priced below the expected range due to discounting, fees allocated to professional services were limited to the amount that is not contingent upon the delivery of our subscription service. In December 2011, we began shifting our pricing model to a time-and-materials basis.

In limited circumstances, we grant certain customers the right to deploy our subscription service on their own servers without significantly penalty. We have analyzed all of the elements in our multiple element arrangements and determined that we do not have sufficient VSOE of fair value to allocate revenue to our subscription service and professional services. We defer all revenue under the arrangement until the commencement of the subscription service and any associated professional services. Once the subscription service and the associated professional services have commenced, the entire fee from the arrangement is recognized ratably over the remaining period of the arrangement.

Deferred Revenue

Deferred revenue consists primarily of payments received in advance of revenue recognition from our subscriptions and professional services and other described above and is recognized as the revenue recognition criteria are met. We generally invoice our customers in annual installments for subscription services. Accordingly, the deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable subscription license agreements. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current portion of deferred revenue and the remaining portion is recorded as long-term.

Foreign Currency Translation

The functional currencies for our foreign subsidiaries are their local currencies. Assets and liabilities of the wholly-owned foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at each period end. Amounts classified in stockholders' deficit are translated at historical exchange rates. Revenues and expenses are translated at the average exchange rates during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income as a component of stockholders' deficit.

Allocation of Overhead Costs

Overhead associated with facilities, IT costs and depreciation is allocated to cost of revenues and operating expenses based on headcount.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value Measurements

Our financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses. These financial instruments are stated at their respective carrying values, which approximate their fair values, due to their short-term nature.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use a fair value hierarchy that is based on three levels of inputs, of which the first two are considered observable and the last unobservable. Our assets and liabilities are classified as Level 1, 2 or 3 within the following fair value hierarchy:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access;

Level 2—Inputs other than Level 1 that are directly or indirectly observable, such as quoted prices for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, such as interest rates, yield curves and foreign currency spot rates; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. Our cash and cash equivalents generally consist of investments in money market mutual funds and commercial paper. Cash and cash equivalents are stated at fair value.

Restricted Cash

Cash balances pledged as collateral for letters of credit are considered to be restricted cash and classified as such in the consolidated balance sheets. During fiscal 2010, we entered into fully secured letters of credit with a financial institution for two building lease arrangements in lieu of cash security deposits. These letter of credit agreements replaced our prior agreement with another financial institution, which was not terminated until fiscal 2011. As such, we had two letters of credit outstanding on the same building lease arrangement and a third letter of credit outstanding on another building lease arrangement as of June 30, 2010. These letters of credit were fully secured by certificates of deposit resulting in restricted cash of $0.4 million as of June 30, 2010.

During fiscal 2011, we relocated our headquarters and terminated the lease on our former premises. As a result, a letter of credit was maintained for only one building lease arrangement at June 30, 2011, December 31, 2011 and March 31, 2012. This letter of credit was fully secured by a certificate of deposit resulting in an immaterial restricted cash balance for each period end.

Short-term Investments

Short-term investments consist of commercial paper, corporate notes and bonds and U.S. government agency securities. We classify short-term investments as available-for-sale at the time of purchase and reevaluate such classification as of each balance sheet date. All short-term investments are recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are in accumulated other comprehensive income, a component of stockholders' equity (deficit). We evaluate our investments to assess whether those with unrealized loss positions are other than temporarily impaired. We consider impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in interest and other income (expense), net in the consolidated statements of comprehensive income (loss).

Accounts Receivable

We record trade accounts receivable at the net invoice value and such receivables are non-interest bearing. We consider receivables past due based on the contractual payment terms. We review our exposure to accounts receivable and write off specific amounts if collectibility is no longer reasonably assured. As of June 30, 2010 and 2011, December 31, 2011 and March 31, 2012 (unaudited), there was no allowance for doubtful accounts as historical write-offs have not been significant.

Deferred Commissions

Deferred commissions are the incremental costs that are directly associated with non-cancelable subscription contracts with customers and consist of sales commissions paid to our direct sales force and referral fees paid to independent third-parties. The commissions are deferred and amortized on a straight-line basis over the non-cancelable terms of the related customer contracts. Amortization of deferred commissions is included in sales and marketing expense in the consolidated statements of comprehensive income (loss).

Property and Equipment

Property and equipment are stated at cost, subject to review of impairment, and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment and software	3—5 years
Furniture and fixtures	3—5 years
Leasehold improvements	shorter of the lease term or estimated useful life

When assets are sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operating expenses. Repairs and maintenance are charged to operations as incurred.

Long-Lived Assets

We assess the recoverability of long-lived assets whenever adverse events or changes in circumstances indicate impairment may have occurred. If the future undiscounted cash flows expected to result from the use of the related assets are less than the carrying value of such assets, an impairment has been incurred and a loss is recognized to reduce the carrying value of the long-lived assets to fair value, which is determined by discounting estimated future cash flows.

In addition to the recoverability assessment, we routinely review the remaining estimated lives of our long-lived assets. During fiscal 2009, 2010 and 2011, the six months ended December 31, 2010 (unaudited) and 2011 and the three months ended March 31, 2011 and 2012 (unaudited), there was no change to useful lives and related depreciation expense as we believe these estimates are reflective of the period the assets will be used in operations.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Capitalized Software Costs

Costs incurred to develop our cloud-based service to automate enterprise IT operations are capitalized during the application development stage and amortized over the software's estimated useful life. To date, due to the delivery frequency of our product releases, there have been no material qualifying costs incurred during the application development stage in any of the periods presented.

Leases

Leases are reviewed and classified as capital or operating at their inception. For leases that contain rent escalations or periods during the lease term where rent is not required, we record the total rent payable on a straight-line basis over the term of the lease but exclude lease extension periods. The difference between rent payments and straight-line rent expense is recorded as deferred rent in the consolidated balance sheets. Deferred rent that will be recognized during the succeeding 12-month period is recorded as the current portion of deferred rent and the remainder is recorded as long-term deferred rent.

Under certain leases, we also receive incentives for leasehold improvements, which are recognized as deferred rent, if we determine they are owned by us, and amortized on a straight-line basis over the shorter of the lease term or estimated useful life as a reduction to rent expense. The leasehold improvements are included in property and equipment, net.

Preferred Stock Warrants Liability

In connection with a line of credit with a financial institution, we issued warrants that allowed the holder to exercise the warrants into a fixed number of shares (subject to antidilution adjustments) of series B redeemable convertible preferred stock. These warrants provided for the issuance of shares that were redeemable at the option of the holder, therefore, the warrants were classified as a liability and initially measured at fair value. A corresponding offsetting debt discount was recorded and amortized as additional interest expense over the 12-month term of the associated line of credit. We remeasured the warrants at subsequent reporting periods with the change in fair value reflected as interest and other income (expense), net in the consolidated statements of comprehensive income (loss). We continued to remeasure the warrants to fair value until they were net settled during fiscal 2010.

Convertible Preferred Stock

Our Amended and Restated Articles of Incorporation authorize the issuance of shares of series A redeemable convertible preferred stock (Series A), series B redeemable convertible preferred stock (Series B), series C redeemable convertible preferred stock (Series C) and series D convertible preferred stock (Series D), which hereafter are collectively referred to as our "convertible preferred stock." The Series A, Series B and Series C include a contingent and optional redemption provision that may require us to redeem the preferred shares. Additionally, the convertible preferred stock includes certain redemption provisions upon liquidation. The holders of our convertible preferred stock, acting as a group, would be able to elect the majority of our board of directors and control the outcome of any vote of our stockholders, including a change-in-control that would trigger liquidation. As redemption of our convertible preferred stock is outside of our control, all shares of our convertible preferred stock have been presented outside of stockholders' deficit in our consolidated balance sheets and consolidated statements of changes in convertible preferred stock and stockholders' deficit.

Stock-Based Compensation

We measure compensation expense for all stock-based payments made to employees and our board of directors based on the estimated fair value of the award as of the date of grant. The expense is recognized, net of

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

forfeiture activity, estimated to be 4% annually, over the requisite service period, which is generally the vesting term of four years. The fair value of awards is estimated using the Black-Scholes options pricing model. Refer to Note 12 for further information.

During fiscal 2009 and 2010, additional compensation expense was recorded as our employees and our founder sold shares of common stock back to us as part of the Series C and Series D financings. The transactions resulted in a premium paid to our employees and our founder in excess of fair value of $3.8 million and $30.8 million reflected as employee compensation for fiscal 2009 and 2010, respectively. There were no similar material charges for fiscal 2011, the six months ended December 31, 2011 or the three months ended March 31, 2011 and 2012 (unaudited).

Net Income (Loss) Per Share Attributable to Common Stockholders

We compute net income (loss) attributable to common stockholders using the two-class method required for participating securities. We consider our convertible preferred stock and shares of common stock subject to repurchase resulting from the early exercise of stock options to be participating securities since they contain non- forfeitable rights to dividends or dividend equivalents in the event we declare a dividend for common stock. In accordance with the two-class method, earnings allocated to these participating securities, are subtracted from net income after deducting preferred stock dividends and accretion to the redemption value of the Series A, Series B and Series C to determine total undistributed earnings to be allocated to common stockholders. The holders of our convertible preferred stock do not have a contractual obligation to share in our net losses and such shares are excluded from the computation of basic earnings per share in periods of net loss.

Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. All participating securities are excluded from basic weighted-average common shares outstanding. In computing diluted net income (loss) attributable to common stockholders, undistributed earnings are reallocated to reflect the potential impact of dilutive securities. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effects of potentially dilutive common shares, which are comprised of outstanding stock options, warrants, convertible preferred stock, restricted stock units and common stock subject to repurchase. The dilutive potential common shares are computed using the treasury stock method or the as-if converted method, as applicable. In periods where the effect of the conversion of preferred stock is dilutive, net income (loss) attributable to common stockholders is adjusted by the associated preferred dividends and accretions. The effects of outstanding stock options, warrants, restricted stock units, convertible preferred stock and common stock subject to repurchase are excluded from the computation of diluted net income (loss) per common share in periods in which the effect would be antidilutive.

Concentration of Market and Credit Risk and Significant Customers

We operate in markets that are highly competitive and rapidly changing. Significant technological changes, shifting customer needs, the emergence of competitive products or services with new capabilities and other factors could negatively impact our operating results.

Financial instruments potentially exposing us to credit risk consist primarily of cash, restricted cash and accounts receivable. We maintain cash balances at financial institutions that management believes to have good credit ratings and represent minimal risk of loss of principal. Accounts located in the United States are secured by the Federal Deposit Insurance Corporation.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We review the composition of the accounts receivable balance, historical write-off experience and the potential risk of loss associated with delinquent accounts to determine if an allowance for doubtful accounts is necessary. Individual accounts receivable are written off when we become aware of a specific customer's inability to meet its financial obligation, and all collection efforts are exhausted. Credit risk arising from accounts receivable is mitigated due to our large number of customers and their dispersion across various industries. At June 30, 2010 and 2011 and December 31, 2011, there were no customers that represented more than 10% of our accounts receivable balance. At March 31, 2012 (unaudited), we had one customer that accounted for approximately 17% of our accounts receivable balance. We had one customer that accounted for approximately 11% of our revenues during fiscal 2009. During fiscal 2010 and 2011, the six months ended December 31, 2010 (unaudited) and 2011 and the three months ended March 31, 2011 and 2012 (unaudited), there were no customers that individually exceeded 10% of our revenues.

Warranties and Indemnification

Our cloud-based service to automate enterprise IT operations is typically warranted to perform in a manner consistent with general industry standards that are reasonably applicable and materially in accordance with our online help documentation under normal use and circumstances.

We include service level commitments to our customers warranting certain levels of uptime reliability and performance and permitting those customers to receive credits in the event we fail to meet those levels. To date, we have not incurred significant costs as a result of such commitments and have not recorded any significant liabilities related to such obligations in the consolidated financial statements.

We have also agreed to indemnify our directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as a director or officer of our company or that person's services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that may enable us to recover a portion of any future amounts paid. The fair values of these obligations are not material as of each balance sheet date.

Our arrangements include provisions indemnifying customers against liabilities if our products infringe a third-party's intellectual property rights. We have not incurred any costs as a result of such indemnifications and have not recorded any liabilities related to such obligations in the consolidated financial statements.

Income Taxes

We use the asset and liability method of accounting for income taxes in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized.

Our tax positions are subject to income tax audits by multiple tax jurisdictions throughout the world. We recognize the tax benefit of an uncertain tax position only if it is more likely than not the position is sustainable upon examination by the taxing authority, based on the technical merits. The tax benefit recognized is measured as the largest amount of benefit which is more likely than not (greater than 50% likely) to be realized upon settlement with the taxing authority. We recognize interest accrued and penalties related to unrecognized tax benefits in our tax provision.

We calculate the current and deferred income tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed income tax returns are recorded when identified. The amount of income taxes paid is subject to examination by U.S. federal and state tax authorities. The estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts and circumstances existing at that time. To the extent the assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made.

Adoption of New Accounting Standards

Revenue Recognition. In October 2009, the FASB issued Accounting Standards Update, or ASU, 2009-13, *"Revenue Recognition (Topic 605)—Multiple-Deliverable Revenue Arrangements—a Consensus of the FASB Emerging Issues Task Force."* This update provides amendments to the criteria in ASC 605, *"Revenue Recognition,"* for separating consideration in multiple-deliverable arrangements by establishing a selling price hierarchy. The selling price used for each deliverable will be based on VSOE if available, third-party evidence if VSOE is not available, or BESP if neither VSOE nor third-party evidence is available. ASU 2009-13 also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, the guidance expands the disclosure requirements for revenue recognition.

The guidance could be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with earlier application permitted on a retrospective basis. We adopted the guidance prospectively on July 1, 2010, which resulted in a decrease to deferred revenue and a corresponding increase to total revenues as of and for the year ended June 30, 2011. The primary reason for the impact was the recognition of professional service revenue over the performance period, which is shorter than the estimated period over which customers benefited from initial consulting services.

The following table summarizes the effects of this new guidance on our consolidated balance sheets and statements of comprehensive income (loss) (in thousands):

	As of and for the Fiscal Year Ended June 30, 2011		
	As Reported	Under Previous Accounting Guidance	Impact of Adoption of ASU 2009-13
Total deferred revenue	$ 74,646	$ 81,036	$ (6,390)
Revenues:			
Subscription	$ 79,191	$ 78,305	$ 886
Professional services and other	13,450	7,946	5,504
Total revenues	$ 92,641	$ 86,251	$ 6,390

Comprehensive Income. On June 16, 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income, which revises the manner in which companies present comprehensive income in their financial statements. This update requires companies to present components of comprehensive income in either (i) a continuous statement of comprehensive income or (ii) two separate but consecutive statements. It also

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

eliminates the option for companies to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for fiscal periods beginning after December 15, 2011, with earlier adoption permitted. Accordingly, we retroactively adopted the provision of ASU 2011-05 during the six-month period ended December 31, 2011. The adoption of this guidance did not result in a material effect on our consolidated financial statements.

(3) Short-term Investments

During the three months ended March 31, 2012, we purchased commercial paper, corporate notes and bonds and U.S. government agency securities, all with maturities of less than twelve months. The following is a summary of our short-term investments (in thousands):

	March 31, 2012 (Unaudited)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	$ 3,997	$ —	$ (5)	$ 3,992
Corporate notes and bonds	8,293	—	(10)	8,283
U.S. government agency securities	3,070	—	(1)	3,069
Total available-for-sale securities	$ 15,360	$ —	$ (16)	$ 15,344

As of March 31, 2012 (unaudited) we had certain available-for-sale securities in a gross unrealized loss position, all of which had been in such position for less than twelve months. There were no impairments considered other-than-temporary as it is more likely than not we will hold the securities until maturity or a recovery of the cost basis. The following table shows the fair values and the gross unrealized losses of these available-for-sale securities aggregated by investment category (in thousands):

	March 31, 2012 (Unaudited)	
	Fair Value	Gross Unrealized Losses
Commercial paper	$ 3,992	$ (5)
Corporate notes and bonds	7,238	(10)
U.S. government agency securities	3,069	(1)
Total	$ 14,299	$ (16)

For the three months ended March 31, 2012 (unaudited), there were no sales of our securities resulting in gross realized gains or losses.

(4) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following (in thousands):

	June 30,		December 31,	March 31,
	2010	2011	2011	2012 (Unaudited)
Founder's receivable	$5,267	$5,267	$ 5,267	$ —
Other	429	3,311	4,616	5,768
Total prepaid expenses and other current assets	$5,696	$8,578	$ 9,883	$ 5,768

Refer to Note 15 for further information regarding our founder's receivable.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Property and Equipment, net

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

	June 30, 2010	June 30, 2011	December 31, 2011	March 31, 2012 (Unaudited)
Computer equipment and software	$1,752	$ 6,562	$ 16,586	$ 21,831
Furniture and fixtures	192	1,230	1,755	1,879
Leasehold improvements	106	2,747	2,795	2,904
Construction in progress	298	1,031	3,740	3,040
	2,348	11,570	24,876	29,654
Less: accumulated depreciation	(650)	(2,103)	(4,181)	(5,563)
Total property and equipment, net	$1,698	$ 9,467	$ 20,695	$ 24,091

Construction in progress consists primarily of leasehold improvements and servers, networking equipment and storage infrastructure being provisioned in our new third-party data center hosting facilities. Depreciation expense for fiscal 2009, 2010 and 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012 was $0.2 million, $0.4 million, $1.5 million, $0.5 million (unaudited), $2.0 million, $0.4 million (unaudited) and $2.0 million (unaudited), respectively.

(6) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following (in thousands):

	June 30, 2010	June 30, 2011	December 31, 2011	March 31, 2012 (Unaudited)
Taxes payable	$ 6,127	$ 6,851	$ 7,399	$ 5,553
Bonuses and commissions	3,176	3,613	6,080	5,739
Accrued compensation	891	1,856	3,570	4,045
Accrued third-party professional services	541	1,798	1,919	3,682
Other employee expenses	286	716	1,809	2,792
Other	1,708	3,750	4,831	6,291
Total accrued expenses and other current liabilities	$12,729	$18,584	$ 25,608	$ 28,102

Refer to Notes 14 and 15 for further information regarding taxes payable.

(7) Warrants for the Purchase of Series B Redeemable Convertible Preferred Stock

In June 2006 and 2007, we issued warrants exercisable for 19,943 and 31,909 shares of Series B, respectively, with an exercise price of $1.25 per share. The warrants were fully exercisable and each had a term of seven years from the date of issuance. The fair values of the warrants were determined on the date of issuance and subsequently using the Black-Scholes options pricing model until they were net settled during fiscal 2010. The assumptions used to determine the fair value of the warrants as of June 30, 2009 were as follows: estimated volatility of 70%, expected term of 4.61 years, risk-free interest rate of 2.37%, and expected dividend yield of zero. The weighted-average fair value of the warrants on the date of issuance was approximately $3.01 per share.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Fair Value Measurements

The following table presents our fair value hierarchy for our assets and liabilities measured at fair value on a recurring basis at March 31, 2012 (unaudited) (in thousands):

	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 247	$ —	$ —	$ 247
Commercial paper	—	9,396	—	9,396
Short-term investments:				
Commercial paper	—	3,992	—	3,992
Corporate notes and bonds	—	8,283	—	8,283
U.S. government agency securities	—	3,069	—	3,069
Total	$ 247	24,740	$ —	$24,987

We determine the fair value of our security holdings based on pricing from our service provider. The service provider values the securities based on "consensus pricing," using market prices from a variety of industry-standard independent data providers. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs), such as yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures.

Our Level 3 financial liabilities consisted of long-term liabilities related to warrants issued for the purchase of preferred stock that were net settled during fiscal 2010. Measurement of fair values for the warrants is made utilizing the Black-Scholes options pricing model. The inputs used in determining the fair values are discussed in detail in Note 7. Level 3 activity is as follows (in thousands):

	Level 3
Balance at June 30, 2008	$ 67
Interest and other income (expense), net for change in fair value of preferred stock warrants	61
Balance at June 30, 2009	128
Interest and other income (expense), net for change in fair value of preferred stock warrants	702
Net settlement of preferred stock warrant liability	(830)
Balance at June 30, 2010	$ —

(9) Convertible Preferred Stock

In April 2009, we entered into a Series C Preferred Stock Purchase Agreement, pursuant to which we issued and sold an aggregate of 983,606 shares of Series C, at a purchase price of $6.10 per share, for gross proceeds of approximately $6.0 million. The total gross proceeds were remitted to our founder in exchange for a non-interest bearing promissory note (the Note) in the amount of $6.0 million. The Note was settled through the exchange of 7,868,848 shares of common stock at $0.76 per share, which we subsequently cancelled. At the time the Note was settled, the estimated fair value of our common stock was $0.28 per share. This resulted in compensation expense of $3.8 million in fiscal 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On November 20, 2009, we entered into a Series D Preferred Stock Purchase Agreement with a new stockholder. The new stockholder purchased 2,990,635 shares of Series D at a price of $17.27 per share, for gross proceeds of $51.6 million. Concurrent with the sale and issuance of Series D preferred stock, we repurchased and subsequently cancelled 23,510,264 shares of common stock from eligible stockholders, including 16,480,000 shares of common stock from our founder, at a price of $2.16 per share. We also offered to repurchase 51,852 vested warrants from a financial institution for $17.27 per share, less the strike price of $1.25 per warrant. Gross proceeds from this transaction to our stockholders and warrant holders were $51.6 million. Eligible stockholders consist of all former and current employees whose employment commenced on or prior to November 1, 2009 and had vested shares as of December 2, 2009. Current employees were required to retain a minimum of 30% of their vested shares, while former employees could sell 100% of their shares.

At the time we repurchased the common stock and warrants, the estimated fair value of our common stock was $0.85 per share. The difference between the fair value and the price paid resulted in a premium paid to repurchase the common stock of approximately $30.8 million, of which $0.7 million, $2.0 million, $3.6 million and $24.5 million are reflected in cost of revenues, sales and marketing expenses, research and development expenses, and general and administrative expenses in the consolidated statement of comprehensive income (loss) for fiscal 2010, respectively. Additionally, the difference between the fair value and the price paid for the warrants resulted in a premium of $0.3 million reflected in interest and other income (expense), net in the consolidated statement of comprehensive income (loss) for fiscal 2010.

The rights, preferences and privileges of our convertible preferred stock are as follows:

Dividends

The holders of shares of the Series A and Series B are entitled to receive dividends of cash at the rate of 8% of the original issue price per annum, payable when and if declared by our board of directors or in connection with a liquidation event. The right to receive dividends is cumulative. As of June 30, 2010, and 2011, December 31, 2011 and March 31, 2012 (unaudited), no dividends have been declared or paid.

Voting Rights

Each holder of convertible preferred stock shall be entitled to the number of votes equal to the number of whole shares of common stock into which the shares of convertible preferred stock held by such holder are then convertible.

Conversion

Each share of convertible preferred stock is convertible at any time at the option of the holder into eight shares of common stock (subject to customary adjustments to protect against dilution). In addition, each series of convertible preferred stock automatically converts into common stock upon the vote of the majority of the outstanding shares of such series and all series of convertible preferred stock automatically convert into common stock upon the closing of an IPO in which the cash proceeds, net of underwriting discounts and commissions, are at least $50.0 million. We have reserved sufficient shares of common stock for the conversion of preferred stock.

Redemption

The Series A, Series B, and Series C have redemption provisions requiring us to redeem all of the then outstanding Series A, Series B, and Series C in three annual installments, beginning on a date no sooner than five years after November 25, 2009 if the holders of a majority of the Series A, the holders of a majority of the Series B, and the holders of a majority of the Series C all elect such a redemption. Upon redemption, the amount payable for each share of Series A, Series B and Series C shall be equal to the original issue price of such share plus, in the case of the Series A and Series B, an amount equal to 8% of the original issue price per annum on such share calculated from the date of issue of the first share of Series A or Series B, as applicable.

Due to the redemption provisions, the Series A, Series B and Series C are classified outside of permanent equity as "mezzanine" at their original fair value on the date of issue, net of issuance costs. Subsequent accretion charges are recorded to increase the net amount of these shares to the redemption amount, including the additional 8% per annum redemption amounts payable in respect of the Series A and Series B, at the earliest possible redemption date. The accretion charges are charged against additional paid-in capital as we currently do not have retained earnings, and to accumulated deficit once there is no additional paid-in capital available.

The combined aggregate amount of redemption requirements for all issuances of capital stock that are redeemable assuming exercise of redemption rights at the earliest possible date, is as follows as of December 31, 2011 (in thousands):

	Series A	Series B	Series C	Total
Years Ended December 31,				
2012	$ —	$ —	$ —	$ —
2013	—	—	—	—
2014	216	410	2,000	2,626
2015	2,263	4,304	2,000	8,567
2016	2,107	4,013	2,000	8,120
Total redemption requirements	$4,586	$8,727	$6,000	$19,313

Liquidation Preference

Upon the liquidation, dissolution or winding up of our company, a consolidation or merger involving a change in control of our company or the conveyance of substantially all of our assets, the holders of Series C have a preference in liquidation over the Series A, Series B, Series D and common stockholders equal to the original issue price plus all declared and unpaid dividends. If our assets are insufficient to fulfill the Series C liquidation amount, the Series C stockholders will share in the distribution of the assets on a pro rata basis based on the full liquidation preference owed to each Series C stockholder.

After the payment in full of the liquidation preference of the Series C, the holders of the Series A and Series B have a preference in liquidation over the Series D and common stockholders equal to the original issue price plus all accrued or declared and unpaid dividends. If our assets are insufficient to fulfill the Series A and Series B liquidation amounts, the Series A and Series B stockholders will share in the distribution of the assets on a pari-passu, pro rata basis based on the full liquidation preference owed to each Series A and Series B stockholder.

After the payment in full of the liquidation preference of the Series C, Series A and Series B, the holders of the Series D have a preference in liquidation over the common stockholders equal to the original issue price plus all declared and unpaid dividends. If our assets are insufficient to fulfill the Series D liquidation amounts, the Series D stockholders will share in the distribution of the assets on a pro rata basis based on the full liquidation preference owed to each Series D stockholder.

After payment in full of the liquidation preference of the Series C, Series A, Series B and Series D, our assets that are legally available for distribution will be distributed ratably to the holders of common stock.

All preferred stock liquidation preferences are subject to appropriate adjustment in the event of any stock dividends, combinations, splits, recapitalizations and the like affecting such shares.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Due to the liquidation provisions of Series D, these shares are also classified outside of permanent equity as “mezzanine” at the redemption value as the deemed liquidation events and related timing are not solely within our control.

(10) Common Stock

We are authorized to issue 200,000,000 shares at March 31, 2012 (unaudited). Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. Any such dividends would be subject to the preferential dividend rights of the convertible preferred stock.

On February 21, 2012, we issued and sold 1,750,980 shares of common stock at a price of $10.20 per share for gross proceeds of $17.9 million in a private placement with a new stockholder. As part of this private placement, our founder sold 700,000 shares of common stock at the same price per share to this new stockholder.

As of March 31, 2012 (unaudited), we had 27,586,754 shares of common stock outstanding and had reserved shares of common stock for future issuance as follows:

	March 31, 2012 (Unaudited)
Series A	20,000,000
Series B	32,323,904
Series C	7,868,848
Series D	30,643,032
Stock option plan:	
Options outstanding	36,958,079
Restricted stock units	1,000,000
Stock awards available for future grants	4,300,809
Total reserved shares of common stock for future issuance	133,094,672

(11) Stock Awards

We have a 2005 Stock Option Plan, or 2005 Stock Plan, which provides for grants of stock awards, including options to purchase shares of our common stock, stock purchase rights and restricted stock units, or RSUs, to certain employees, officers, directors and consultants.

Stock Options

The stock options are exercisable at a price equal to the market value of the underlying shares of common stock on the date of the grant as determined by our board of directors. Stock options granted under our 2005 Stock Plan to new employees generally vest 25% one year from the date the requisite service period begins and continue to vest monthly for each month of continued employment with us over the remaining three years. Options granted to members of our board of directors and to existing employees generally vest in 48 equal monthly installments. Options granted generally are exercisable for a period of up to 10 years. Option holders can exercise unvested options to acquire restricted stock. Upon termination of service, we have the right to repurchase at the original purchase price any unvested (but issued) shares of common stock. Shares of common stock purchased under our 2005 Stock Plan are subject to certain restrictions, including the right of first refusal by us for the sale or transfer of these shares to outside parties. Our right of first refusal terminates upon completion of an IPO.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of March 31, 2012, we had 59,580,440 total shares of common stock reserved for issuance under our 2005 Stock Plan. A summary of the stock option activity for fiscal 2009, 2010 and 2011, the six months ended December 31, 2011 and the three months ended March 31, 2012 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at June 30, 2008	16,333,664	$ 0.03		
Granted	4,160,000	0.21		
Exercised	(348,328)	0.02		
Forfeited	(981,336)	0.05		
Outstanding at June 30, 2009	19,164,000	0.07		
Granted	4,684,000	1.00		
Exercised	(7,036,768)	0.03		
Forfeited	(290,248)	0.41		
Outstanding at June 30, 2010	16,520,984	0.34		
Granted	15,402,456	2.15		
Exercised	(4,279,456)	0.25		
Forfeited	(867,590)	0.87		
Cancelled	(450,000)	0.18		
Outstanding at June 30, 2011	26,326,394	1.40		
Granted	17,055,120	3.29		
Exercised	(1,469,118)	1.45		
Forfeited	(2,310,756)	1.61		
Outstanding at December 31, 2011	39,601,640	2.20		
Granted	2,959,500	8.83		
Exercised	(3,712,462)	0.59		
Forfeited	(1,890,599)	1.82		
Outstanding at March 31, 2012	36,958,079	$ 2.91	8.75 years	$ 275,015,330
Vested and expected to vest as of June 30, 2009	18,842,329	$ 0.06	7.76 years	$ 4,079,780
Vested and exercisable as of June 30, 2009	10,723,479	$ 0.03	7.06 years	$ 2,748,003
Vested and expected to vest as of June 30, 2010	16,175,929	$ 0.33	7.72 years	$ 14,458,066
Vested and exercisable as of June 30, 2010	7,895,777	$ 0.07	6.63 years	$ 9,051,521
Vested and expected to vest as of June 30, 2011	26,025,366	$ 1.39	8.37 years	$ 31,601,963
Vested and exercisable as of June 30, 2011	8,628,975	$ 0.35	6.53 years	$ 19,421,343
Vested and expected to vest as of December 31, 2011	38,723,419	$ 2.17	8.61 years	$ 109,458,847
Vested and exercisable as of December 31, 2011	10,123,858	$ 0.57	6.52 years	$ 44,821,224
Vested and expected to vest as of March 31, 2012 (unaudited)	36,411,623	$ 2.89	8.73 years	$ 271,693,587
Vested and exercisable as of March 31, 2012 (unaudited)	7,449,076	$ 0.79	6.74 years	$ 71,203,809

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Aggregate intrinsic value represents the difference between the estimated fair value of our common stock and the exercise price of outstanding, in-the-money options. Our estimated fair value of common stock was $285.5 million as of March 31, 2012 (unaudited). The total intrinsic value of options exercised was approximately $0.1 million, $10.1 million, $7.5 million, $2.8 million, $3.3 million, $1.4 million and $24.4 million for fiscal 2009, 2010 and 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012, respectively. The weighted-average grant date fair value of options granted was $1.6 million, $2.9 million, $17.7 million, $5.4 million, $40.3 million, $2.3 million and $13.8 million for fiscal 2009, 2010 and 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012, respectively.

As of March 31, 2012, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately $55.8 million. The weighted-average remaining vesting period of unvested stock options at March 31, 2012 was 3.0 years.

The following table summarizes information about outstanding and vested stock options as of March 31, 2012 (unaudited):

	Options Outstanding			Options Vested and Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
$0.00 to $0.07	3,036,432	5.00	$ 0.03	3,036,432	$ 0.03
$0.08 to $0.13	146,264	6.07	0.08	141,680	0.08
$0.14 to $0.30	516,774	6.47	0.18	439,851	0.18
$0.31 to $0.70	941,002	7.44	0.34	559,576	0.34
$0.71 to $1.10	209,668	7.84	1.00	105,913	1.00
$1.11 to $1.35	1,120,666	8.06	1.21	575,162	1.21
$1.36 to $3.00	24,439,373	9.10	2.63	2,590,462	1.82
$3.01 to $4.65	3,710,400	9.64	4.29	—	—
$4.66 to $6.50	736,500	9.78	6.50	—	—
$6.51 to $9.40	1,448,750	9.85	9.40	—	—
$9.41 to $10.35	652,250	9.94	10.35	—	—
Total	36,958,079			7,449,076	

We issued 453,243 shares of restricted stock in fiscal 2011, 360,852 shares of restricted stock in the six months ended December 31, 2011 and 225,139 shares of restricted stock in the three months ended March 31, 2012 (unaudited) as a result of the cash exercise of unvested stock options. No such shares were issued during fiscal 2009 and 2010. The proceeds initially are recorded as a liability from the early exercise of stock options and reclassified to common stock as our repurchase right lapses. We repurchased 12,084 unvested shares during the six months ended December 31, 2011. For fiscal 2009, 2010 and 2011 and the three months ended March 31, 2012 (unaudited), we did not repurchase any unvested shares.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the restricted stock activity for fiscal 2011, the six months ended December 31, 2011 and the three months ended March 31, 2012 is as follows:

	Number Outstanding	Weighted-average Grant Date Fair Value
Balance at June 30, 2010	—	$ —
Early exercised	453,243	0.86
Vested	(37,755)	0.58
Balance at June 30, 2011	415,488	0.89
Early exercised	360,852	1.29
Vested	(185,640)	0.66
Repurchased	(12,084)	0.74
Balance at December 31, 2011	578,616	1.21
Early exercised (unaudited)	225,139	2.41
Vested (unaudited)	(77,663)	0.84
Balance at March 31, 2012	726,092	1.62

RSUs

In February 2012, we granted 1,000,000 RSUs under our 2005 Stock Plan to our founder. The RSUs vest annually over a four-year period. As of March 31, 2012, the weighted-average grant date fair value of the RSUs was $10.35 per share. The aggregate grant date fair value was $10.4 million which is expected to be recognized over four years. As of March 31, 2012 (unaudited), all of the RSUs were unvested.

We recognized compensation expense of $0.1 million (unaudited) related to RSUs for the three months ended March 31, 2012. Unrecognized compensation expense of $9.9 million (unaudited) will be recognized into expense over the weighted average period of 4.0 years.

(12) Stock-Based Compensation

We use the Black-Scholes options pricing model to estimate the fair value of stock options granted. This model incorporates various assumptions including expected volatility, expected term, risk-free interest rates and expected dividend yields. The weighted-average assumptions used for the specified reporting periods and the resulting estimates of weighted-average fair value per share of options granted are as follows:

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Expected volatility	69% - 75%	65%	50% - 69%	57% - 67%	56% - 69%	60% - 69%	55% - 57%
Expected term (in years)	5.62	6.02	6.05	6.04	5.75	6.00	6.04
Risk-free interest rate	1.48% - 3.77%	2.57% - 3.04%	1.43% - 2.96%	1.43% -2.96%	0% - 1.92%	2.30% - 2.67%	0.99% - 1.18%
Dividend yield	—%	—%	—%	—%	—%	—%	—%

Expected volatility. We use the historic volatility of publicly traded peer companies as an estimate for expected volatility. In considering peer companies, characteristics such as industry, stage of development, size and financial leverage are considered.

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Expected term. We follow the simplified method when estimating the expected life of our options due to lack of relevant historical data. The simplified method calculates the expected term as the mid-point between the vesting date and the 10-year contractual lives of all options awarded.

Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the stock-based award.

Expected dividend yield. The expected dividend yield is zero as we have never paid dividends and currently have no plans to do so.

Expected forfeiture rate. We consider our pre-vesting forfeiture history to determine our expected forfeiture rate.

Fair value of common stock. The fair value of our common stock was determined by our board of directors, which intended all options granted to be exercisable at a price per share not less than the per share fair value of the common stock underlying those options on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The assumptions used in the valuation model are based on future expectations combined with management judgment.

Since March 2010, we utilize the probability weighted expected return method, or PWERM, approach to allocate value to our common shares. The PWERM approach employs various market approach and income approach calculations depending upon the likelihood of various liquidation scenarios. For each of the various scenarios, an equity value is estimated and the rights and preferences for each stockholder class are considered to allocate the equity value to common shares. The common share value is then multiplied by a discount factor reflecting the calculated discount rate and the timing of the event. Lastly, the common share value is multiplied by an estimated probability for each scenario. The probability and timing of each scenario are based upon discussions between our board of directors and our management team. Under the PWERM, the value of our common stock is based upon four possible future events for our company: an IPO; a strategic merger or sale; remaining a private company; and dissolution.

Prior to March 2010, values for our shares of common stock were determined using an option pricing method. Estimates of the volatility were based on available information on the volatility of common stock of comparable, publicly traded companies. The common stock valuations were based on the discounted cash flow method, or DCF, under the income approach and the comparable company method and the recent transaction method under the market-based approach, which we used to estimate the total value of our company. The DCF method estimates enterprise value based on the estimated present value of future net cash flows the business is expected to generate over a forecasted period and an estimate of the present value of cash flows beyond that period, which is referred to as terminal value. The estimated present value is calculated using a discount rate known as the weighted-average cost of capital, which accounts for the time value of money and the appropriate degree of risks inherent in the business. The market-based approach considers multiples of financial metrics based on both acquisitions and trading multiples of a selected peer group of companies. These multiples are then applied to our financial metrics to derive a range of indicated values. If different estimates and assumptions had been used, the valuations could have been different.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Net Income (Loss) Per Share Attributable to Common Stockholders and Pro Forma Net Income (Loss) Per Share

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

	Fiscal Years Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Numerator:							
Net income (loss)	$ (5,906)	$ (29,705)	$ 9,830	$ 4,803	$ (6,684)	$ 2,991	$ (5,640)
Accretion of redeemable convertible preferred stock	(625)	(640)	(633)	(320)	(312)	(156)	(154)
Net income attributable to participating securities	—	—	(7,558)	(3,721)	—	(2,319)	—
Net income (loss) attributable to common stockholders – basic	$ (6,531)	$ (30,345)	$ 1,639	$ 762	$ (6,996)	$ 516	$ (5,794)
Undistributed earnings reallocated to participating securities	$ —	$ —	$ 671	$ 349	$ —	$ 200	$ —
Net income (loss) attributable to common stockholders – diluted	$ (6,531)	$ (30,345)	$ 2,310	$ 1,111	$ (6,996)	$ 716	$ (5,794)
Denominator:							
Weighted-average shares outstanding Basic	39,039,066	23,157,576	18,163,977	17,156,445	21,104,219	18,702,229	25,123,582
Effect of potentially dilutive securities:							
Common stock options	—	—	9,931,509	10,465,912	—	9,665,876	—
Weighted-average shares outstanding Diluted	39,039,066	23,157,576	28,095,486	27,622,357	21,104,219	28,368,105	25,123,582
Net income (loss) per share attributable to common stockholders:							
Basic	$ (0.17)	$ (1.31)	$ 0.09	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)
Diluted	$ (0.17)	$ (1.31)	$ 0.08	$ 0.04	$ (0.33)	$ 0.03	$ (0.23)

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

	Fiscal Years Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010	2011	2011	2012
				(Unaudited)		(Unaudited)	
Common stock options	19,164,000	16,520,984	7,635,190	7,890,844	39,601,640	7,033,557	36,958,079
Warrants	414,816	—	—	—	—	—	—
Convertible preferred stock	59,777,936	83,703,016	83,703,016	83,703,016	83,703,016	83,703,016	83,703,016
Restricted stock units	—	—	—	—	—	—	1,000,000
Common stock subject to repurchase	—	—	83,551	—	578,616	32,281	726,092
	79,356,752	100,224,000	91,421,757	91,593,860	123,883,272	90,768,854	122,387,187

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The unaudited pro forma basic and diluted net income (loss) per share was computed to give effect to the conversion of convertible preferred stock using the as-if converted method into common stock upon our IPO as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later. Additionally, fiscal 2011 and the six months ended December 31, 2011 also include the sale and issuance of 1,750,980 shares of common stock in a private placement during the three months ended March 31, 2012. Refer to Note 10 for further information.

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

	Fiscal Year Ended June 30, 2011	Six Months Ended December 31, 2011	Three Months Ended March 31, 2012 (Unaudited)
Numerator:			
Net income (loss)	$ 9,830	$ (6,684)	$ (5,640)
Net income attributable to participating securities	(8)	—	—
Net income (loss) attributable to common stockholders—basic	$ 9,822	$ (6,684)	$ (5,640)
Undistributed earnings reallocated to participating securities	8	—	—
Net income (loss) attributable to common stockholders—diluted	$ 9,830	$ (6,684)	$ (5,640)
Denominator:			
Weighted-average shares outstanding	18,163,977	21,104,219	25,123,582
Pro forma adjustment to reflect assumed weighted-average effect of the sale of common stock in a private placement	1,750,980	1,750,980	—
Pro forma adjustment to reflect assumed weighted-average effect of conversion of convertible preferred stock	83,703,016	83,703,016	83,703,016
Pro forma weighted-average shares outstanding—basic	103,617,973	106,558,215	108,826,598
Pro forma adjustments to reflect effect of potentially dilutive securities:			
Common stock options	9,931,509	—	—
Common stock subject to repurchase	83,551	—	—
Restricted stock units	—	—	—
Pro forma weighted-average shares outstanding—diluted	113,633,033	106,558,215	108,826,598
Pro forma net income (loss) per share attributable to common stockholders			
Basic	$ 0.09	$ (0.06)	$ (0.05)
Diluted	$ 0.09	$ (0.06)	$ (0.05)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Income Taxes

The provision for income taxes consists of the following (in thousands):

	Fiscal Years Ended June 30,			Six Months Ended December 31,	
	2009	2010	2011	2010 (Unaudited)	2011
Current provision:					
Federal	$ —	$ —	$ 62	$ 111	$ 325
State	5	2	988	449	396
Foreign	43	278	286	93	329
	48	280	1,336	653	1,050
Deferred provision:					
Federal	—	—	—	—	22
State	—	—	—	—	3
Foreign	—	—	—	—	—
	—	—	—	—	25
Provision for income taxes	$ 48	$ 280	$ 1,336	$ 653	$ 1,075

The components of income (loss) from continuing operations before income taxes by United States and foreign jurisdictions were as follows (in thousands):

	Fiscal Years Ended June 30,			Six Months Ended December 31,	
	2009	2010	2011	2010 (Unaudited)	2011
United States	$(5,864)	$(29,602)	$10,585	$ 5,368	$(1,375)
Foreign	6	177	581	88	(4,234)
Total	$(5,858)	$(29,425)	$11,166	$ 5,456	$(5,609)

The effective income tax rate differs from the federal statutory income tax rate applied to the income (loss) before provision for income taxes due to the following (in thousands):

	Fiscal Years Ended June 30,			Six Months Ended December 31,	
	2009	2010	2011	2010 (Unaudited)	2011
Tax computed at the federal statutory rate	$(1,991)	$(10,005)	$ 3,799	$ 1,857	$(1,907)
State tax, federally effected	(312)	(359)	250	122	82
Tax rate differential for international subsidiaries(1)	(1)	(13)	(47)	(23)	1,589
Stock-based compensation	50	149	727	244	978
Tax credits	(677)	(282)	(409)	(150)	(378)
Tax contingencies	194	265	171	74	178
Permanent differences	226	411	305	120	244
Change in state rate	32	(1,170)	662	295	8
Other	(15)	117	344	379	146
Valuation allowance	2,542	11,167	(4,466)	(2,265)	135
Provision for income taxes	$ 48	$ 280	$ 1,336	$ 653	$ 1,075

(1) The change in the impact of the tax rate differential for international jurisdictions is primarily attributable to a change in the mix of income/loss from the United States to international jurisdictions with different income tax rates compared to the United States.

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Significant components of our deferred tax assets as of June 30, 2010 and 2011 and December 31, 2011 are shown below (in thousands). A valuation allowance has been recognized to offset our deferred tax assets as realization for fiscal 2010 and 2011 and the six months ended December 31, 2011 of such deferred tax assets has not met the more likely than not threshold.

	June 30,		December 31,
	2010	2011	2011
Deferred tax assets:			
Net operating losses	$ 15,731	$ 9,936	$ 4,182
Deferred revenue	848	2,397	8,434
Accrued state taxes	—	286	28
Accrued expenses	416	363	672
Deferred rent	128	183	201
Credit carryforwards	781	858	1,357
Incentive from lessor	—	1,096	1,023
Stock-based compensation	—	345	1,333
Other	409	461	1,130
Total deferred tax assets	18,313	15,925	18,360
Less valuation allowance	(18,160)	(13,694)	(13,829)
	153	2,231	4,531
Deferred tax liabilities:			
Accrued expenses	—	—	—
Property and equipment	(153)	(2,231)	(4,531)
Net deferred tax assets	$ —	$ —	$ —

As of December 31, 2011, we had net operating loss, or NOL, carryforwards of approximately $13.1 million for federal purposes and $39.4 million for state purposes. If not utilized, these carryforwards will begin to expire in 2024 for federal purposes and 2018 for state purposes. Approximately $6.8 million of federal net operating losses and $4.2 million of state NOLs relate to stock-based compensation deductions in excess of book expense, the tax effect of which would be to credit additional paid-in capital, if realized.

We have research credit carryforwards of approximately $0.9 million for federal purposes. If not utilized, the federal carryforward will begin to expire in 2024.

Due to cumulative losses, we maintain a valuation allowance against our deferred tax assets as of December 31, 2011. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against deferred tax assets. Our valuation allowance increased $11.2 million for fiscal 2010 as compared to fiscal 2009, decreased $4.5 million for fiscal 2011 as compared to fiscal 2010, and increased $0.1 million during the six months ended December 31, 2011.

Section 382 imposes annual limitations on the utilization of NOL carryforwards and other tax attributes upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders in our stock by more than 50 percentage points over a testing period (generally three years). We completed a Section 382 analysis. Based on this analysis, we do not believe that our NOLs and other tax attributes are limited under Section 382 as of December 31, 2011.

We have not recorded a provision for deferred U.S. tax expense that could result from the remittance of foreign undistributed earnings since we intend to reinvest the earnings of these foreign subsidiaries indefinitely.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Our share of the undistributed earnings of foreign corporations not included in our consolidated federal income tax returns that could be subject to additional U.S. income tax if remitted was approximately $0.2 million, $0.8 million and $0.8 million at June 30, 2010 and 2011 and December 31, 2011, respectively. The determination of the amount of unrecognized U.S federal deferred income tax liability for undistributed earnings is not practicable.

We record liabilities, where appropriate, for all uncertain income tax positions. We recognize potential accrued interest and penalties related to unrecognized tax benefits as income tax expense.

A reconciliation of the beginning and ending balance of total unrecognized tax benefits is as follows (in thousands):

	Fiscal Years Ended June 30,			Six Months Ended December 31,	
	2009	2010	2011	2010 (Unaudited)	2011
Beginning balance	$ 98	$ 185	$ 374	$ 374	$519
Tax provisions taken in the period:					
Additions	87	189	145	73	191
Reductions	—	—	—	—	—
Ending balance	$ 185	$ 374	$ 519	$ 447	$710

As of July 1, 2011, we had total unrecognized tax benefit of approximately $0.5 million. During the six months ended December 31, 2011, we recognized approximately $0.2 million of interest and penalties associated with unrecognized tax benefits. We do not believe there will be a material change in our unrecognized tax positions over the next twelve months.

We file income tax returns with the U.S. federal, various states and certain foreign jurisdictions. Our tax years ending June 30, 2005 through December 31, 2011 remain open in most jurisdictions.

(15) Related Party Transactions

During fiscal 2009, we loaned $6.0 million to our founder in exchange for a non-interest bearing promissory note, which was settled in connection with our sale of Series C preferred stock. Refer to Note 9 for further discussion of this transaction. No loans were issued during fiscal 2010, 2011 or the six months ended December 31, 2011.

In connection with the sale and issuance of our Series D preferred stock, we repurchased and subsequently cancelled 23,510,264 shares of common stock from eligible stockholders, including a total of 18,436,000 shares from our founder and his family, and our former chief financial officer. Refer to Note 9 for further discussion of this transaction.

As part of our sale of Series C and Series D preferred stock, we recorded a liability of $5.3 million for withholding taxes associated with the repurchase of our founder’s shares plus potential interest and penalties that may be imposed by the tax authorities. We recorded an offsetting receivable of $5.3 million in prepaid expenses and other current assets at June 30, 2010 and 2011 and December 31, 2011 representing the total amount that was subsequently paid to us by our founder in February 2012 for these withholding taxes.

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(16) Commitments and Contingencies

Leases

We lease managed and co-location facilities for data center capacity and office space under noncancellable operating lease agreements with various expiration dates. Our data centers are located in the United States, the Netherlands, the United Kingdom, Switzerland, Canada, and Australia. Expenses at our co-location facilities consist primarily of space, power, cooling and ancillary services. Our managed facilities include the same expenses as co-location facilities in addition to leases of equipment, such as servers, networking equipment, and storage infrastructure. Rent expense associated with these facilities, included in cost of revenues, was $1.3 million, $2.7 million, $4.8 million, $2.1 million, $3.7 million, $1.3 million and $2.7 million for fiscal 2009, 2010, 2011, the six months ended December 31, 2010 (unaudited) and 2011 and the three months ended March 31, 2011 and 2012 (unaudited), respectively.

We are headquartered in San Diego, California and lease office space in the United States, the United Kingdom, Germany, Australia, the Netherlands, Canada, Denmark and France. Rent expense associated with these leases was $0.9 million, $1.1 million, $2.3 million, $0.5 million (unaudited), $1.2 million, $1.3 million (unaudited) and $0.8 million (unaudited) for fiscal 2009, 2010, 2011, the six months ended December 31, 2010 and 2011 and the three months ended March 31, 2011 and 2012, respectively. During fiscal 2011, we relocated our headquarters and terminated a lease on our former premises. The termination fee of $0.7 million is included in rent expense for the three months ended March 31, 2011 and fiscal 2011.

Annual future minimum payments under these operating leases were as follows as of December 31, 2011 (in thousands):

	Data Centers	Office Leases	Total
Years Ended December 31,			
2012	$ 8,284	$ 2,795	$11,079
2013	8,587	2,247	10,834
2014	3,270	2,409	5,679
2015	197	1,724	1,921
2016	—	1,661	1,661
Thereafter	—	3,603	3,603
Total minimum lease payments	$ 20,338	$ 14,439	$34,777

In February 2012, we signed a lease for a 94,543 square-foot building located in San Diego, California, with total minimum lease commitments of approximately $13.7 million. The lease is for a period of eight years with a commencement date of July 1, 2012.

In April 2012, we signed a lease for 28,924 square-feet of office space located in San Jose, California with total minimum lease commitments of approximately $1.6 million. The lease is for a period of approximately two years with a commencement date of April 5, 2012.

Legal Proceedings

From time to time, we are party to litigation and other legal proceedings in the ordinary course of business. While the results of any litigation or other legal proceedings are uncertain, management does not believe the ultimate resolution of any pending legal matters is likely to have a material adverse effect on our financial position, results of operations or cash flows, except for those matters for which we have recorded a loss

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contingency. We accrue for loss contingencies when it is both probable that we will incur the loss and when the amount of the loss can be reasonably estimated.

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

(17) Information about Geographic Areas

Revenues by geographic area, based on the billing location of the customer, were as follows for the periods presented (in thousands):

	Fiscal Year Ended June 30,			Six Months Ended December 31,		Three Months Ended March 31,	
	2009	2010	2011	2010 (Unaudited)	2011	2011 (Unaudited)	2012 (Unaudited)
Revenues by geography							
North America	$14,062	$31,396	$69,333	$ 27,919	$51,901	$18,437	$33,930
Europe	5,018	10,708	20,093	8,693	18,842	5,908	11,878
Asia Pacific and other	235	1,225	3,215	1,332	2,632	867	1,623
Total revenues	$19,315	$43,329	$92,641	$ 37,944	$73,375	$25,212	$47,431

Long-lived assets by geographic area are as follows (in thousands):

	June 30, 2010	June 30, 2011	December 31, 2011	March 31, 2012 (Unaudited)
Long-lived assets:				
North America	$1,013	$7,859	$ 15,820	$ 17,756
Europe	500	1,391	4,537	6,036
Asia Pacific and other	185	217	338	299
Total long-lived assets	$1,698	$9,467	$ 20,695	$ 24,091

(18) Subsequent Events

On February 21, 2012, we issued and sold 1,750,980 shares of common stock at a price of $10.20 per share for gross proceeds of $17.9 million in a private placement with a new stockholder. As part of this private placement, our founder sold 700,000 shares of common stock at the same price per share to this new stockholder.

On February 24, 2012, our founder repaid $5.3 million to settle the outstanding receivable for withholding taxes associated with the sale of Series C and Series D preferred stock.

On March 27, 2012, we repurchased and subsequently cancelled 100,000 shares of common stock at a price of $10.00 per share from a former employee.

From January 1 through March 30, 2012, we granted stock options under our 2005 Stock Plan to certain employees and directors to purchase 2,959,500 shares of common stock, having exercise prices ranging from $6.50 to $10.35 per share. Additionally, we granted RSUs under our 2005 Stock Plan to Frederic B. Luddy to purchase 1,000,000 shares of common stock. The RSUs vest annually over a four year period.

SERVICENOW, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In April and May 2012, we repurchased and subsequently cancelled 42,498 and 35,000 shares of common stock, respectively, at a price of $11.50 per share from former employees.

In April and May 2012, we granted stock options under our 2005 Stock Plan to certain employees to purchase 793,000 shares with an exercise price of $11.00 per share and 799,750 shares with an exercise price of $12.45 per share, respectively.

On April 27, 2012, our board of directors approved the Restated Certificate of Incorporation, Restated Bylaws, 2012 Equity Incentive Plan and the 2012 Employee Stock Purchase Plan, each to become effective in connection with the IPO.

In May 2012, we reincorporated into Delaware as ServiceNow, Inc.

We have evaluated subsequent events from the balance sheet date through March 30, 2012, the date at which the consolidated financial statements were available to be issued. For the reissuance of the consolidated financial statements, such evaluation was performed through May 23, 2012.

(19) Subsequent Events (Unaudited)

In June 2012, we granted stock options and RSUs under our 2005 Stock Plan to certain employees to purchase 1,301,500 and 30,644 shares, respectively. The stock options were issued with an exercise price of $16.00 per share.

In June 2012, we filed our Restated Certificate of Incorporation.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee and:

	Amount Paid or to be Paid
SEC registration fee	$ 26,102
FINRA filing fee	23,276
New York Stock Exchange listing fee	250,000
Printing and engraving expenses	220,000
Legal fees and expenses	1,250,000
Accounting fees and expenses	1,000,000
Transfer agent and registrar fees and expenses	20,000
Miscellaneous expenses	110,622
Total	$ 2,900,000

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act.

As permitted by the Delaware General Corporation Law, the Registrant's restated certificate of incorporation to be effective upon the closing of this offering contains provisions that eliminate the personal liability of its directors for monetary damages for any breach of fiduciary duties as a director, except liability for the following:

- any breach of the director's duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases); or
- any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's restated bylaws to be effective upon the closing of this offering, provide that:

- the Registrant is required to indemnify its directors and executive officers to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;
- the Registrant may indemnify its other employees and agents as set forth in the Delaware General Corporation Law;

- the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions; and
- the rights conferred in the restated bylaws are not exclusive.

Prior to the closing of this offering, the Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's restated certificate of incorporation and restated bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of the Registrant for which indemnification is sought. Reference is also made to Section 11 of the underwriting agreement to be filed as Exhibit 1.1 to this registration statement, which provides for the indemnification of executive officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's restated certificate of incorporation, restated bylaws and the indemnification agreements entered into or to be entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant currently carries liability insurance for its directors and officers.

Three of Registrant's directors (Paul V. Barber, Douglas M. Leone and Charles E. Noell, III) are also indemnified by their employers with regard to their service on the Registrant's board of directors.

Reference is made to the following documents filed as exhibits to this Registration Statement regarding relevant indemnification provisions described above and elsewhere herein:

Exhibit Document	Number
Form of Underwriting Agreement.	1.1
Form of Restated Certificate of Incorporation to be effective upon the closing of this offering.	3.2
Form of Restated Bylaws to be effective upon the closing of this offering.	3.4
Third Amended and Restated Investors Rights Agreement dated November 25, 2009 among the Registrant and certain of its stockholders, as amended.	4.2
Form of Indemnification Agreement.	10.1

Item 15. Recent Sales of Unregistered Securities.

Since June 14, 2009 and through June 14, 2012, the Registrant has issued and sold the following securities:

(1) From June 14, 2009 to June 14, 2012, we granted stock options under our 2005 Stock Plan to purchase 38,734,564 shares of common stock (net of expirations, forfeitures and cancellations) to our employees, directors and consultants, having exercise prices ranging from $0.2813 to $16.00 per share, as well as 1,030,644 RSUs to our employees under our 2005 Stock Plan. Of these, options to purchase 3,858,645 shares of common stock have been exercised through June 14, 2012 for aggregate consideration of $5,950,661, at exercise prices ranging from $0.2813 to $9.40 per share.

(2) In November 2009, we entered into a Series D Preferred Stock Purchase Agreement pursuant to which we issued and sold to accredited investors in multiple closings an aggregate of 2,990,635 shares of Series D preferred stock, at a purchase price of $17.267333 per share, for aggregate consideration of $51,640,290. Upon the closing of this offering, these shares will convert into 23,925,080 shares of common stock.

(3) In February 2012, we entered into a Common Stock Purchase Agreement pursuant to which we issued and sold to accredited investors an aggregate of 1,750,980 shares of common stock, at a purchase price of $10.20 per share, for aggregate consideration of $17,859,996.

The offers, sales and issuances of the securities described in paragraph (1) were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act or Rule 701 promulgated under the Securities Act. The recipients of such securities were our employees, directors or bona fide consultants and received the securities under our 2005 Stock Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (2) and (3) were deemed to be exempt from registration under the Securities Act in reliance on Rule 506 of Regulation D in that the issuance of securities to the accredited investors did not involve a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor under Rule 501 of Regulation D.

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Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Document
1.1†	Form of Underwriting Agreement.
3.1	Restated Certificate of Incorporation, as amended to date.
3.2*	Form of Restated Certificate of Incorporation to be effective upon closing of this offering.
3.3*	Bylaws, as currently in effect.
3.4*	Form of Restated Bylaws to be effective upon closing of this offering.
4.1	Form of Common Stock Certificate.
4.2*	Third Amended and Restated Investors Rights Agreement dated November 25, 2009 among the Registrant and certain of its stockholders, as amended.
5.1	Opinion of Fenwick & West LLP.
10.1	Form of Indemnification Agreement.
10.2*	2005 Stock Plan, Forms of Stock Option Agreement and Form of Restricted Stock Unit Agreement thereunder.
10.3	2012 Equity Incentive Plan, to become effective on the date immediately prior to the date on which the registration statement is declared effective, and Forms of Stock Option Award Agreement, Restricted Stock Agreement, Stock Appreciation Right Award Agreement and Restricted Stock Unit Award Agreement thereunder.
10.4	2012 Employee Stock Purchase Plan, to become effective upon the closing of this offering, and Form of Subscription Agreement thereunder.
10.5*	Employment Agreement dated May 2, 2011 among the Registrant and Frank Slootman.
10.6*	Employment Agreement dated May 12, 2011 among the Registrant and Michael P. Scarpelli.
10.7*	Employment Agreement dated May 21, 2011 among the Registrant and David L. Schneider.
10.8*	Employment Agreement dated August 1, 2011 among the Registrant and Daniel R. McGee.
10.9*	Employment Agreement dated August 15, 2011 among the Registrant and Arne Josefsberg.
10.10*	Office Lease dated August 27, 2010 between the Registrant and Kilroy Realty, L.P.
10.11*	Office Lease dated February 14, 2012 between the Registrant and The Irvine Company LLC.
16.1*	Change in Certifying Accountant Letter
21.1*	Subsidiaries of the Registrant.
23.1	Consent of independent registered public accounting firm.
23.2	Consent of Fenwick & West LLP (included in Exhibit 5.1).
24.1*	Power of Attorney. Reference is made to the signature page hereto.

† To be filed by amendment.
* Previously filed.

(b) Financial Statement Schedule.

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or notes.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 3 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on this 19th day of June, 2012.

SERVICENOW, INC.

By: /s/ Frank Slootman
Frank Slootman
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Frank Slootman **Frank Slootman**	President, Chief Executive Officer and Director *(Principal Executive Officer)*	June 19, 2012
/s/ Michael P. Scarpelli **Michael P. Scarpelli**	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	June 19, 2012
* **Frederic B. Luddy**	Chief Product Officer and Director	June 19, 2012
* **Paul V. Barber**	Director	June 19, 2012
* **Ronald E.F. Codd**	Director	June 19, 2012
* **Douglas M. Leone**	Director	June 19, 2012
* **Jeffrey A. Miller**	Director	June 19, 2012
* **Charles E. Noell, III**	Director	June 19, 2012
* **William L. Strauss**	Director	June 19, 2012
*By: /s/ Frank Slootman **Frank Slootman**	Attorney-in-Fact	June 19, 2012

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4.1	Form of Common Stock Certificate.
4.2*	Third Amended and Restated Investors Rights Agreement dated November 25, 2009 among the Registrant and certain of its stockholders, as amended.
5.1	Opinion of Fenwick & West LLP.
10.1	Form of Indemnification Agreement.
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10.11*	Office Lease dated February 14, 2012 between the Registrant and The Irvine Company LLC.
16.1*	Change in Certifying Accountant Letter
21.1*	Subsidiaries of the Registrant.
23.1	Consent of independent registered public accounting firm.
23.2	Consent of Fenwick & West LLP (included in Exhibit 5.1)
24.1*	Power of Attorney. Reference is made to the signature page hereto.

† To be filed by amendment.
* Previously filed.

Exhibit 3.1

SERVICENOW, INC.

RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME.

The name of this corporation is ServiceNow, Inc. (the "***Corporation***").

ARTICLE II: REGISTERED OFFICE.

The address of the registered office of the corporation in the State of Delaware is 3500 South Dupont Highway, City of Dover, County of Kent, DE 19901. The name of the registered agent of the corporation at that address is Incorporating Services, Ltd.

ARTICLE III: PURPOSE.

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

ARTICLE IV: AUTHORIZED SHARES.

The total number of shares of all classes of stock which the Corporation shall have authority to issue is (a) 200,000,000 shares of Common Stock, $0.001 par value per share ("***Common Stock***"), and (b) 11,354,473 shares of Preferred Stock, $0.001 par value per share ("***Preferred Stock***"). As of the effective date of this Restated Certificate of Incorporation (this "***Restated Certificate***"), 2,500,000 of the authorized shares of Preferred Stock are hereby designated Series A Preferred Stock (the "***Series A Preferred***"), 4,040,488 of the authorized shares of Preferred Stock are hereby designated Series B Preferred Stock (the "***Series B Preferred***"), 983,606 of the authorized shares of Preferred Stock are hereby designated Series C Preferred Stock (the "***Series C Preferred***"), and 3,830,379 of the authorized shares of Preferred Stock are hereby designated Series D Preferred Stock (the "***Series D Preferred***" and, together with the Series A Preferred, Series B Preferred and the Series C Preferred, the "***Series Preferred***").

The following is a statement of the designations and the rights, powers and preferences, and the qualifications, limitations or restrictions thereof, in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Series Preferred set forth herein.

2. <u>Voting Rights</u>. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). Unless required by law, there shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Series Preferred that may be required by the terms of the Restated Certificate) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law and without a separate class vote of the holders of the Common Stock.

B. SERIES PREFERRED

The following rights, powers and preferences, and restrictions, qualifications and limitations, shall apply to the Series Preferred. Unless otherwise indicated, references to "Sections" in this Part B of this Article IV refer to sections of this Part B.

1. <u>Dividends</u>.

(a) As of the filing date (the "***Filing Date***") hereof, each share of Series A Preferred has accrued dividends equal to $0.555178082 and each share of Series B Preferred has accrued dividends equal to $0.584674588. From and after the Filing Date, dividends shall continue to accrue on each such share of Series A Preferred and Series B Preferred at a rate equal to 8% of the applicable Original Issue Price (as defined below) per annum (each as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof); provided that the Corporation shall be under no obligation to pay such accrued dividends except: (i) in connection with a Liquidation Event (as defined below) and pursuant to Section 3 hereof; or (ii) when and if the Board of Directors (the "***Board***") determines to pay such accrued dividends. The right to dividends on shares of the Series A Preferred and Series B Preferred shall be cumulative.

(b) The "***Original Issue Price***" of the Series Preferred shall be $1.00 for the Series A Preferred, $1.253561 for the Series B Preferred, $6.10 for the Series C Preferred and $17.267333 for the Series D Preferred (in each case as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Date.

(c) So long as any shares of Series A Preferred or Series B Preferred are outstanding, the Corporation shall not pay or declare any dividend, whether in cash or property, or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock until all accrued and unpaid dividends as set forth in Section 1(a) above on the Series A Preferred and Series B Preferred shall have been paid or declared or set aside, except for the following acquisitions:

(i) acquisitions of Common Stock by the Corporation pursuant to agreements approved by the Board which permit the Corporation to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Corporation; or

(ii) acquisitions of Common Stock in exercise of the Corporation's right of first refusal to repurchase such shares.

(d) In the event dividends are paid on any share of Common Stock, the Corporation shall pay an additional dividend on all outstanding shares of Series Preferred in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

(e) The provisions of Sections 1(c) and 1(d) shall not apply to any dividend payable solely in shares of Common Stock, or any repurchase of any outstanding securities of the Corporation that is approved by (i) the Board and (ii) the Series Preferred as may be required by the Restated Certificate.

2. Voting Rights.

(a) General Rights. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series Preferred shall be entitled to cast the number of votes equal to the number of shares of Common Stock into which the shares of Series Preferred held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of this Restated Certificate including but not limited to Article IV, Section A(2) regarding cumulative voting, holders of Series Preferred shall vote together with the holders of Common Stock as a single class on an as-converted basis, shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation.

(b) Separate Vote of Series Preferred. For so long as any shares of Series A Preferred, Series B Preferred, Series C Preferred or Series D Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series Preferred, voting together as a single class, shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, or repeal of any provision of the certificate of incorporation or the Bylaws of the Corporation (including any filing of a certificate of determination), whether by merger or consolidation or otherwise;

(ii) Any increase or decrease in the authorized number of shares of Common Stock or Preferred Stock;

(iii) Any increase in the authorized number of shares of Common Stock reserved for issuance under the Corporation's 2005 Stock Plan, as amended (the "***Plan***") such that, after such increase, the aggregate number of shares of Common Stock reserved for issuance under the Plan is greater than 59,580,440 (as may be adjusted for stock splits, stock dividends, combinations, recapitalizations and the like);

(iv) Any authorization or any designation, whether by reclassification or otherwise, or any issuance of any new class or series of stock or any other securities convertible into equity securities of the Corporation;

(v) Any purchase, redemption, repurchase or payment of dividends (other than dividends payable solely in shares of the Corporation's Common Stock) or other distributions with respect to any equity securities of the Corporation;

(vi) Any liquidation, dissolution or winding up, consolidation or merger into or with any other entity or entities, or sale of all or substantially all of the assets of the Corporation or any subsidiary of the Corporation, or any agreement by the Corporation or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 3); or

(vii) Any increase or decrease in the authorized number of members of the Board.

(c) <u>Separate Vote of Series D Preferred</u>. For so long as any shares of Series D Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series D Preferred, voting as a separate class, shall be necessary for effecting or validating the following actions:

(i) Any adoption of any employee option plan or equity ownership plan relating to the securities of, or ownership in, the Corporation;

(ii) Any purchase, redemption, repurchase or payment of dividends (other than dividends payable solely in shares of the Corporation's Common Stock) or other distributions with respect to any equity securities of the Corporation;

(iii) Any increase in the authorized number of shares of Common Stock reserved for issuance under the Plan such that, after such increase, the aggregate number of shares of Common Stock reserved for issuance under the Plan is greater than 59,580,440 (as may be adjusted for stock splits, stock dividends, combinations, recapitalizations and the like).

(d) <u>Election of Board of Directors</u>.

(i) For so long as any shares of Series A Preferred remain outstanding, the holders of Series A Preferred, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(ii) For so long as any shares of Series B Preferred remain outstanding, the holders of Series B Preferred, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(iii) For so long as any shares of Series D Preferred remain outstanding, the holders of Series D Preferred, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(iv) The holders of Common Stock, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(v) The holders of Common Stock and Series Preferred, voting together as a single class on an as-if-converted basis, shall be entitled to elect all remaining members of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

3. Liquidation Rights.

(a) Preferred Stock.

(i) Upon any Liquidation Event (as defined below), before any distribution or payment shall be made to the holders of any shares of Common Stock, Series A Preferred, Series B Preferred or Series D Preferred by reason of their ownership thereof, the holders of Series C Preferred shall be entitled to be paid out of the assets of the Corporation legally available for distribution, or the consideration received in such transaction, for each share of Series C Preferred held by them, an amount per share of Series C Preferred equal to the greater of (A) the sum of the Original Issue Price for the Series C Preferred plus all declared and unpaid dividends on the Series C Preferred, computed to the date of payment, and (B) such amount per share as would have been payable had all then outstanding shares of Series A Preferred, Series B Preferred, Series C Preferred and Series D Preferred been converted into Common Stock pursuant to Section 4 below immediately prior to such Liquidation Event. If, upon any such Liquidation Event, the assets of the Corporation (or the consideration received in such transaction) shall be insufficient to make payment in full to all holders of Series C Preferred of the liquidation preference set forth in this Section 3(a)(i), then such assets or consideration shall be distributed among the holders of the Series C Preferred ratably in proportion to the full amounts to which each holder would otherwise be entitled pursuant to this Section 3(a)(i).

(ii) Upon any Liquidation Event, after the payment of the full liquidation preference of the Series C Preferred as set forth in Section 3(a)(i) above and before any distribution or payment shall be made to the holders of any shares of Common Stock or Series D Preferred by reason of their ownership thereof, the holders of Series A Preferred and Series B Preferred shall be entitled to be paid out of the assets of the Corporation legally available for distribution, or the consideration received in such transaction, for each share of

Series A Preferred or Series B Preferred (as applicable) held by them, an amount per share of Series A Preferred or Series B Preferred (as applicable) equal to the greater of (A) the sum of the applicable Original Issue Price for the Series A Preferred or Series B Preferred (as applicable) plus all accrued and unpaid dividends on the Series A Preferred or the Series B Preferred (as applicable) (whether or not declared by the Board) plus any other dividends declared but unpaid thereon, in each case computed to the date of payment, and (B) such amount per share as would have been payable had all then outstanding shares of Series A Preferred, Series B Preferred, Series C Preferred and Series D Preferred been converted into Common Stock pursuant to Section 4 below immediately prior to such Liquidation Event. If the available assets remaining for distribution shall be insufficient to make payment in full to all holders of Series A Preferred and Series B Preferred of the liquidation preference set forth in this Section 3(a)(ii), then such assets or consideration shall be distributed among the holders of the Series A Preferred and Series B Preferred ratably in proportion to the full amounts to which each holder would otherwise be entitled pursuant to this Section 3(a)(ii), without preference in order of payment between the holders of Series A Preferred and Series B Preferred.

(iii) Upon any Liquidation Event, after the payment of the full liquidation preferences of the Series A Preferred, Series B Preferred and Series C Preferred as set forth in Sections 3(a)(i) and (ii) above and before any distribution or payment shall be made to the holders of any shares of Common Stock by reason of their ownership thereof, the holders of Series D Preferred shall be entitled to be paid out of the assets of the Corporation legally available for distribution, or the consideration received in such transaction, for each share of Series D Preferred held by them, an amount per share of Series D Preferred equal to the greater of (A) the sum of the applicable Original Issue Price for the Series D Preferred plus all declared and unpaid dividends on the Series D Preferred, computed to the date of payment, and (B) such amount per share as would have been payable had all then outstanding shares of Series A Preferred, Series B Preferred, Series C Preferred and Series D Preferred been converted into Common Stock pursuant to Section 4 below immediately prior to such Liquidation Event. If the available assets remaining for distribution shall be insufficient to make payment in full to all holders of Series D Preferred of the liquidation preference set forth in this Section 3(a)(iii), then such assets or consideration shall be distributed among the holders of the Series D Preferred ratably in proportion to the full amounts to which each holder would otherwise be entitled pursuant to this Section 3(a)(iii).

(iv) For purposes of clause (B) of the first sentence of each of clauses (i), (ii) and (iii) of this Section 3(a), the calculation of the preference amount in such clauses shall be made as if: (x) all shares of Series A Preferred, Series B Preferred, Series C Preferred and Series D Preferred had been converted into Common Stock pursuant to Section 4 below immediately prior to such Liquidation Event, and (y) all the amounts to be paid out of the assets of the Corporation legally available for distribution, or the consideration received in such transaction, were to be paid based on clause (B) of each such sentence, in each case regardless of whether the holders of shares of such shares shall be entitled to a liquidation preference based on clause (A) or (B) of each such sentence. In addition, in all cases the amounts to be paid out of the assets of the Corporation legally available for distribution, or the consideration received in such transaction, remain subject to the provisions of Section 3(e) below.

(b) After the payment of the full liquidation preferences of the Series Preferred as set forth in Sections 3(a) above, the assets of the Corporation legally available for distribution in such Liquidation Event (or the consideration received in such transaction), if any, shall be distributed ratably to the holders of the Common Stock.

(c) Liquidation Events.

(i) The following events shall be deemed to be a liquidation of the Corporation for purposes of this Section 3 (each, a "***Liquidation Event***"), unless the holders of at least a majority of the Series Preferred elect otherwise by written notice given to the Corporation at least five (5) business days prior to the effective date of any such event:

(A) a merger or consolidation in which (I) the Corporation is a constituent party or (II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except, in case of either clause (I) or clause (II), any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted or exchanged for shares of capital stock which represent, immediately following such merger or consolidation at least a majority, by voting power (determined on a fully diluted basis assuming the exercise, conversion or exchange of all exercisable, convertible or exchangeable securities, respectively), of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Section 3(c)(i), all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged) (any such merger or consolidation, together with any transaction described in Section 3(c)(i)(C), an "***Acquisition***");

(B) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole (an "***Asset Transfer***");

(C) the sale, exchange or transfer, in a single transaction or series of related transactions, of at least a majority, by voting power (determined on a fully diluted basis assuming the exercise, conversion or exchange of all exercisable, convertible or exchangeable securities, respectively), of the outstanding shares of capital stock of the Corporation; or

(D) the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(ii) The Corporation shall not have the power to effect any transaction constituting a Liquidation Event pursuant to Sections 3(c)(i)(A)(I) or (C) above unless the agreement or plan of merger or consolidation or other definitive purchase agreement provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 3(a), (b) and (e).

(iii) In the event of a Liquidation Event pursuant to Sections 3(c)(i)(A)(II), (B), (C) or (D) above, if the Corporation does not effect a dissolution of the Corporation under within 60 days after such Liquidation Event, then (A) the Corporation shall deliver a written notice to each holder of Series Preferred no later than the 60th day after the Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (B) to require the redemption of such shares of Series Preferred, and (B) if the holders of at least a majority of the then outstanding shares of Series Preferred so request in a written instrument delivered to the Corporation not later than 75 days after such Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Liquidation Event (net of any retained liabilities, as determined in good faith by the Board) (the "***Net Proceeds***") to redeem, to the extent legally available therefor, on the 90th day after such Liquidation Event (the "***Liquidation Redemption Date***"), all outstanding shares of Series Preferred at a price per share equal to the respective amounts such shares would be entitled to receive determined in accordance with Sections 3(a), (b) and (e). In the event of a redemption pursuant to the preceding sentence, if the Net Proceeds are not sufficient to redeem all outstanding shares of Series Preferred, or if the Corporation does not have sufficient lawfully available funds to effect such redemption, the Corporation shall redeem each holder's shares of Series Preferred in accordance with the priorities set forth in Sections 3(a), (b) and (e) to the fullest extent of such Net Proceeds or such lawfully available funds, as the case may be, and, where such redemption is limited by the amount of lawfully available funds, the Corporation shall redeem the remaining shares to have been redeemed in accordance with the priorities set forth in Sections 3(a), (b) and (e) as soon as practicable after the Corporation has funds legally available therefor. The provisions of Sections 5(b) through 5(d) below shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series Preferred pursuant to this Section 3(c)(iii). Prior to the distribution or redemption provided for in this Section 3(c)(iii), the Corporation shall not expend or dissipate the consideration received for such Liquidation Event, except to discharge expenses incurred in the ordinary course of business.

(d) The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, lease, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. If the amount deemed paid or distributed under this Section 3 is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined as follows:

(i) For securities not subject to investment letters or other similar restrictions on free marketability,

(A) if traded on a national securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 20-trading day period ending three days prior to the closing of such transaction;

(B) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 20-trading day period ending three days prior to the closing of such transaction; or

(C) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board.

(ii) The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount (as determined in good faith by the Board) from the market value as determined pursuant to clause (A) above so as to reflect the approximate fair market value thereof.

(e) In the case of a Liquidation Event pursuant to Section 3(c)(i)(A) or (C) above, if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow or is payable to the stockholders of the Corporation subject to contingencies, notwithstanding the operation of this Section 3 the agreement or plan of merger or consolidation or other definitive purchase agreement shall provide that the portion of such consideration that is placed in escrow and/or is subject to contingencies shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration otherwise payable to each stockholder pursuant to this Section 3 (such that each stockholder has the same percentage of such consideration payable to it placed into escrow and/or subject to contingencies, as applicable).

4. Conversion Rights. The holders of the Series Preferred shall have the following rights with respect to the conversion of the Series Preferred into shares of Common Stock (the "***Conversion Rights***"):

(a) Optional Conversion. Subject to and in compliance with the provisions of this Section 4, any shares of Series Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series A Preferred being converted. The number of shares of Common Stock to which a holder of Series B Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series B Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series B Preferred being converted. The number of shares of Common Stock to which a holder of Series C Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series C Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of Series C Preferred being converted. The number of shares of Common Stock to which a holder of Series D Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series D Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of Series D Preferred being converted.

(b) Series Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred (the "***Series A Preferred Conversion Rate***") shall be the quotient obtained by dividing the Original Issue Price of the Series A Preferred by the "Series A Preferred Conversion Price," calculated as provided in Section 4(c). The conversion rate in effect at any time for conversion of the Series B Preferred (the "***Series B Preferred Conversion Rate***") shall be the quotient obtained by dividing the Original Issue Price of the Series B Preferred by the "Series B Preferred Conversion Price," calculated as provided in Section 4(c). The conversion rate in effect at any time for conversion of the Series C Preferred (the "***Series C Preferred Conversion Rate***") shall be the quotient obtained by dividing the Original Issue Price of the Series C Preferred by the "Series C Conversion Price," calculated as provided in Section 4(c). The conversion rate in effect at any time for conversion of the Series D Preferred (the "***Series D Preferred Conversion Rate***") shall be the quotient obtained by dividing the Original Issue Price of the Series D Preferred by the "Series D Conversion Price," calculated as provided in Section 4(c).

(c) The conversion price for the Series A Preferred shall initially be $0.125 (the "***Series A Preferred Conversion Price***"). The conversion price for the Series B Preferred shall initially be $0.156695125 (the "***Series B Preferred Conversion Price***"). The conversion price for the Series C Preferred shall initially be $0.7625 (the "***Series C Preferred Conversion Price***"). The conversion price for the Series D Preferred shall initially be $2.158416625 (the "***Series D Preferred Conversion Price***"). The Series A Preferred Conversion Price, Series B Preferred Conversion Price, Series C Preferred Conversion Price and Series D Preferred Conversion Price (each, a "***Series Preferred Conversion Price***" and together, the "***Series Preferred Conversion Prices***") shall be adjusted from time to time in accordance with this Section 4. All references to the Series Preferred Conversion Prices herein shall mean the Series Preferred Conversion Prices as so adjusted.

(d) Mechanics of Conversion. Each holder of Series Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series Preferred, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares and series of Series Preferred being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to such holder of Series Preferred. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) Adjustment for Stock Splits and Combinations. If at any time or from time to time after the Filing Date, the Corporation effects a subdivision of the outstanding

Common Stock without a corresponding subdivision of the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, the Series A Preferred Conversion Price, Series B Preferred Conversion Price, Series C Preferred Conversion Price and/or Series D Preferred Conversion Price, as applicable, in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Filing Date the Corporation combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, the Series A Preferred Conversion Price, Series B Preferred Conversion Price, Series C Preferred Conversion Price and/or Series D Preferred Conversion Price, as applicable, in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If at any time or from time to time after the Filing Date the Corporation pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to holders of shares of Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, the Series A Preferred Conversion Price, Series B Preferred Conversion Price, Series C Preferred Conversion Price and/or Series D Preferred Conversion Price, as applicable, that is then in effect shall be decreased as of the time of such issuance, as provided below:

(i) The applicable Series Preferred Conversion Price shall be adjusted by multiplying the applicable Series Preferred Conversion Price then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

(ii) If the Corporation fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the applicable Series Preferred Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Series Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Series Preferred Conversion Price shall be adjusted pursuant to this Section 4(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation. If at any time or from time to time after the Filing Date, the Common

Stock issuable upon the conversion of the Series Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than a Liquidation Event as defined in Section 3 or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series Preferred shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series Preferred could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the applicable Series Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(h) Sale of Shares Below Series Preferred Conversion Price.

(i) If at any time or from time to time after the Filing Date, the Corporation issues or sells, or is deemed by the express provisions of this Section 4(h) to have issued or sold, Additional Shares of Common Stock (as defined below), other than as provided in Section 4(e), 4(f) or 4(g) above, for an Effective Price (as defined below) less than the then effective Series A Preferred Conversion Price, Series B Preferred Conversion Price and/or Series C Preferred Conversion Price (a "***Qualifying Dilutive Issuance***"), then and in each such case, the then existing Series A Preferred Conversion Price, Series B Preferred Conversion Price and/or Series C Preferred Conversion Price, as applicable, shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the applicable Series Preferred Conversion Price in effect immediately prior to such issuance or sale by a fraction equal to:

(A) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration (as defined below) received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such then-existing applicable Series Preferred Conversion Price, and

(B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued.

For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock outstanding, (B) the number of shares of Common Stock into which the then outstanding shares of Series Preferred could be converted if fully converted on the day immediately preceding the given date and (C) the number of shares of Common Stock which could be obtained through the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

No adjustment shall be made to the Series D Preferred Conversion Price pursuant to this Section 4(h), even if the Corporation issues or sells, or is deemed by the express provisions of this Section 4(h) to have issued or sold, Additional Shares of Common Stock for an Effective Price less than the then effective Series D Preferred Conversion Price.

(ii) No adjustment shall be made to any Series Preferred Conversion Price in an amount less than one cent per share. Any adjustment otherwise required by this Section 4(h) that is not required to be made due to the preceding sentence shall be included in any subsequent adjustment to the applicable Series Preferred Conversion Price.

(iii) For the purpose of making any adjustment required under this Section 4(h), the aggregate consideration received by the Corporation for any issue or sale of securities (the "***Aggregate Consideration***") shall be defined as: (A) to the extent it consists of cash, the net amount of cash received by the Corporation after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Corporation in connection with such issue or sale but without deduction of any expenses payable by the Corporation, (B) to the extent it consists of property other than cash, the fair value of that property as determined in good faith by the Board, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iv) For the purpose of the adjustment required under this Section 4(h), if the Corporation issues or sells (x) Preferred Stock or other stock, options, warrants, purchase rights or other securities convertible into Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "***Convertible Securities***") or (y) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Series A Preferred Conversion Price, Series B Preferred Conversion Price and/or Series C Preferred Conversion Price, in each case the Corporation shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of such rights or options or Convertible Securities plus:

(A) in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights or options; and

(B) in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); *provided* that if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Corporation shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(C) If the minimum amount of consideration payable to the Corporation upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; *provided further*, that if the minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Corporation upon the exercise or conversion of such rights, options or Convertible Securities.

(D) No further adjustment of the applicable Series Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock or the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the applicable Series Preferred Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the applicable Series Preferred Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, *provided* that such readjustment shall not apply to prior conversions of Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable.

(v) For the purpose of making any adjustment to any Series Preferred Conversion Price required under this Section 4(h), ***"Additional Shares of Common Stock"*** shall mean all shares of Common Stock issued by the Corporation or deemed to be issued pursuant to this Section 4(h) (including shares of Common Stock subsequently reacquired or retired by the Corporation), other than:

(A) shares of Common Stock issued upon conversion of the Series Preferred;

(B) shares of Common Stock and/or options, warrants or other Common Stock purchase rights and the Common Stock issued pursuant to such options, warrants or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like after the Filing Date) issued after the Filing Date to employees, officers or directors of, or consultants or advisors to, the Corporation or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are unanimously approved by the Board;

(C) shares of Common Stock issued pursuant to the exercise of Convertible Securities outstanding as of the Filing Date;

(D) shares of Common Stock or Convertible Securities issued for consideration other than cash pursuant to a merger, purchase of substantially all of the assets, consolidation, acquisition, strategic alliance or similar business combination transaction; provided that the issuance of shares therein has been unanimously approved by the Board;

(E) shares of Common Stock or Convertible Securities issued pursuant to any equipment loan or leasing arrangement, credit agreements, real property leasing arrangement, or debt financing from a bank or similar financial institution; provided that the issuance of shares therein has been unanimously approved by the Board;

(F) shares of Common Stock or Convertible Securities issued to third-party service providers in exchange for or as partial consideration for services rendered to the Corporation; provided that the issuance of shares therein has been unanimously approved by the Board; and

(G) shares of Common Stock or Convertible Securities issued in connection with strategic transactions involving the Corporation and other entities, including (i) joint ventures, manufacturing, marketing, customer, vendor or distribution arrangements or (ii) collaboration, technology transfer or development arrangements, including technology licenses; provided that the issuance of shares therein has been unanimously approved by the Board.

References to Common Stock in the subsections of this clause (v) above shall mean all shares of Common Stock issued by the Corporation or deemed to be issued pursuant to this Section 4(h). The "***Effective Price***" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Corporation under this Section 4(h), into the Aggregate Consideration received, or deemed to have been received by the Corporation for such issuance under this Section 4(h), for such Additional Shares of Common Stock.

(vi) In the event that the Corporation issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance (the "***First Dilutive Issuance***"), then in the event that the Corporation issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance other than the First Dilutive Issuance pursuant to the same instruments as the First Dilutive Issuance (a "***Subsequent Dilutive Issuance***"), then, and in each such case upon a Subsequent Dilutive Issuance, the applicable Series Preferred Conversion Price shall be reduced to the Series Preferred Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance.

(i) Certificate of Adjustment. In each case of an adjustment or readjustment of a Series Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable, if the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable, is then convertible pursuant to this Section 4, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable, at the holder’s address as shown in the Corporation’s books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Corporation for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the applicable Series Preferred Conversion Price at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable.

(j) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any (x) capital reorganization of the Corporation, reclassification or recapitalization of the capital stock of the Corporation, or merger or consolidation of the Corporation or any subsidiary of the Corporation with or into any other entity or entities, (y) sale of all or substantially all of the assets of the Corporation or any subsidiary of the Corporation, or (z) voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series Preferred at least 10 days prior to the record date specified therein (or such shorter period approved by the holders of a majority of the outstanding Series Preferred, voting together as a single class) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such reorganization, reclassification, consolidation, merger, asset sale, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock or Preferred Stock (or other securities) shall be entitled to exchange their shares of Common Stock or Preferred Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, asset sale, dissolution, liquidation or winding up.

(k) Automatic Conversion.

(i) Each share of Series Preferred shall automatically be converted into shares of Common Stock, based on the then-effective applicable Series Preferred Conversion Price, (A) as to the Series A Preferred, at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series A Preferred, (B) as to the

Series B Preferred, at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series B Preferred, (C) as to the Series C Preferred, at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series C Preferred, (D) as to the Series D Preferred, at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series D Preferred, or (E) as to all shares of the Series Preferred, immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which the gross cash proceeds to the Corporation (after underwriting discounts and commissions) are at least $50,000,000 (a "***Qualified IPO***").

(ii) Upon the occurrence of any of the events specified in Section 4(k)(i) above, the outstanding shares of Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable, shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided, however*, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series Preferred are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, the holders of Series A Preferred, Series B Preferred, Series C Preferred and/or Series D Preferred, as applicable, shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series Preferred. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series Preferred surrendered were convertible on the date on which such automatic conversion occurred, and any accrued and unpaid dividends shall be paid in accordance with the provisions of Section 4(d).

(l) <u>Fractional Shares</u>. No fractional shares of Common Stock shall be issued upon conversion of Series Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred, Series B Preferred, Series C Preferred or Series D Preferred, as applicable, by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Corporation shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board) on the date of conversion.

(m) <u>Reservation of Stock Issuable Upon Conversion</u>. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series Preferred, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(n) Notices. Any notice required by the provisions of this Section 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(o) Payment of Taxes. The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series Preferred so converted were registered.

5. Redemption.

(a) The Corporation shall be obligated to redeem the Series A Preferred, Series B Preferred and Series C Preferred as follows:

(i) The holders of a majority of the then outstanding shares of Series A Preferred, voting together as a separate class, a majority of the then outstanding shares of Series B Preferred, voting together as a separate class, and the holders of a majority of the then outstanding shares of Series C Preferred, voting together as a separate class, may require the Corporation, to the extent it may lawfully do so, to redeem all of the then outstanding Series Preferred in three (3) annual installments beginning not prior to November 25, 2014, and ending on the date two (2) years from such first redemption date (each a "***Redemption Date***"); *provided* that the Corporation shall receive written notice of such election of the Series A Preferred, Series B Preferred and Series C Preferred specifying the first such Redemption Date at least 30 days prior to the first such Redemption Date. The Corporation shall effect such redemptions on each Redemption Date by paying in cash in exchange for the shares of Series Preferred to be redeemed on such Redemption Date a sum equal to the applicable Original Issue Price per share of Series Preferred to be redeemed (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like after the Filing Date) plus, in the case of the Series A Preferred and Series B Preferred, an amount equal to 8% of the applicable Original Issue Price per annum on such shares calculated from the date that the first share of Series A Preferred or Series B Preferred, as applicable, was issued, until the applicable Redemption Date. The total amount to be paid for the Series Preferred on any Redemption Date is hereinafter referred to as the "***Redemption Price***." The number of shares of Series Preferred that the Corporation shall be required to redeem on any one Redemption Date shall be equal to the amount determined by dividing (A) the aggregate number of shares of Series Preferred outstanding immediately prior to the Redemption Date by (B) the number of remaining applicable Redemption Dates (including the Redemption Date to which such calculation applies). Shares subject to redemption pursuant to this Section 5(a) shall be redeemed first from each holder of Series C Preferred and then on a pro rata basis from the holders of Series A Preferred and Series B Preferred, in proportion to the redemption amount each such holder is entitled to receive and without preference in order of payment between the holders of Series A Preferred and Series B Preferred.

(ii) As soon as reasonably practicable prior to each Redemption Date, the Corporation shall send a notice (a "***Redemption Notice***") to all holders of Series Preferred to be redeemed setting forth (A) the Redemption Price for the shares to be redeemed; and (B) the place at which such holders may obtain payment of the Redemption Price upon surrender of their share certificates. If the Corporation does not have sufficient funds legally available to redeem all shares to be redeemed at the applicable Redemption Date, then it shall so notify such holders and shall redeem such shares first from each holder of Series C Preferred and then on a pro rata basis (based on the portion of the aggregate Redemption Price payable to them) among the holders of the Series A Preferred and Series B Preferred to the extent possible and shall redeem the remaining shares to be redeemed as soon as sufficient funds are legally available.

(b) On or prior to each Redemption Date, the Corporation shall deposit (to the extent it has sufficient funds legally available to redeem the shares of the Series Preferred to be redeemed on such Redemption Date) the Redemption Price of all shares to be redeemed on such Redemption Date with a bank or trust company having aggregate capital and surplus in excess of $100,000,000, as a trust fund, with irrevocable instructions and authority to the bank or trust company to pay, on and after such Redemption Date, the Redemption Price of the shares to their respective holders upon the surrender of their share certificates. Any moneys deposited by the Corporation pursuant to this Section 5(b) for the redemption of shares thereafter converted into shares of Common Stock pursuant to Section 4 hereof no later than the 5th day preceding the applicable Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any funds deposited by the Corporation pursuant to this Section 5(b) remaining unclaimed at the expiration of 2 years following such Redemption Date shall be returned to the Corporation promptly upon its written request.

(c) On or after each such Redemption Date, each holder of shares of Series Preferred to be redeemed shall surrender such holder's certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event less than all the shares represented by such certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after such Redemption Date, unless there shall have been a default in payment of the Redemption Price or the Corporation is unable to pay the Redemption Price due to not having sufficient legally available funds, all rights of the holder of shares of Series Preferred to be redeemed as holder of Series Preferred with respect to those shares (except the right to receive the Redemption Price without interest upon surrender of their certificates), shall cease and terminate with respect to such shares; *provided* that in the event that shares of Series Preferred are not redeemed due to a default in payment by the Corporation or because the Corporation does not have sufficient legally available funds, such shares of Series Preferred shall remain outstanding and shall be entitled to all of the rights and preferences provided herein until redeemed.

(d) In the event of a call for redemption of any shares of Series Preferred, the Conversion Rights (as defined in Section 4) for such Series Preferred shall terminate as to the shares designated for redemption at the close of business on the last business day preceding the applicable Redemption Date, unless default is made in payment of the Redemption Price or the Corporation does not have sufficient funds legally available to pay the Redemption Price.

(e) The Corporation shall not be obligated to redeem or repurchase the Series D Preferred pursuant to this Section 5 or otherwise, and the holders of shares of Series D Preferred shall not have the right to have their shares of Series D Preferred redeemed or repurchased by the Corporation or to obligate the Corporation to redeem or repurchase their shares of Series D Preferred.

6. No Reissuance of Series Preferred. Any shares of Series Preferred that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights, powers and preferences granted to the holders of Series Preferred following the close of business on the third day preceding the Redemption Date for such shares.

7. Waiver. Any of the rights, powers, preferences and other terms of a series of the Series Preferred that are set forth herein may be waived on behalf of all holders of such series of Series Preferred by the affirmative written consent or vote of the holders of at least a majority of the shares of such series of Series Preferred that are then outstanding, treating any convertible Series Preferred as-if converted to Common Stock. Any of the rights, powers, preferences and other terms of the Series Preferred as a class that are set forth herein may be waived on behalf of all holders of the Series Preferred as a class by the affirmative written consent or vote of the holders of at least a majority of the shares of Series Preferred as a class that are then outstanding, treating any convertible Series Preferred as-if converted to Common Stock.

ARTICLE V: DIRECTOR LIABILITY.

A. LIMITATION. To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article V to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law or other law of the State of Delaware as so amended. Any repeal or modification of the foregoing provisions of this Article V by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

B. INDEMNIFICATION. To the fullest extent permitted by applicable law, the Corporation shall provide indemnification of and advancement of expenses to directors and officers of the Corporation through Bylaw provisions, agreements with such persons, vote of stockholders or disinterested directors or otherwise.

C. MODIFICATION. Any amendment, repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ARTICLE VI: PREEMPTIVE RIGHTS.

No stockholder of the Corporation shall have a right to purchase shares of capital stock of the Corporation sold or issued by the Corporation except to the extent that such a right may from time to time be set forth in a written agreement between the Corporation and any stockholder.

ARTICLE VII: STOCK REPURCHASES.

In connection with repurchases by the Corporation of its Common Stock from any employee, consultant, director or other service provider to the Corporation or any of its wholly owned subsidiaries pursuant to agreements under which the Corporation has the option to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment, Sections 502 and 503 of the Corporations Code of the State of California shall not apply in all or in part with respect to such repurchases.

ARTICLE VIII: BYLAW PROVISIONS.

A. AMENDMENT OF BYLAWS. The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation and the stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation; *provided however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Corporation's certificate of incorporation, the affirmative vote of the holders of at least a majority of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation, except that an amendment changing the authorized number of directors may only be adopted as provided in Article II Section 2.1 of the Bylaws.

B. NUMBER OF DIRECTORS. Subject to any additional vote required by the Corporation's certificate of incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

C. BALLOT. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

D. MEETINGS AND BOOKS. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

<u>ARTICLE IX</u>: <u>CORPORATE OPPORTUNITIES</u>.

The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, or in being informed about, an Excluded Opportunity. An "***Excluded Opportunity***" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any affiliate, partner, member, director, stockholder, employee, agent or other related person of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "***Covered Persons***"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

<u>ARTICLE X: CREDITOR AND STOCKHOLDER COMPROMISES</u>

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of §291 of Title 8 of the General Corporation Law or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under §279 of Title 8 of the General Corporation Law order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

*** * * * * * * * * ***

016570| 003590|127C|RESTRICTED||4|057-423

COMMON STOCK
PAR VALUE $0.001

COMMON STOCK
THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA AND NEW YORK, NY

Certificate Number
ZQ 000000

Shares
000000****
000000**
****000000****
*****000000***
******000000**

servicenow™

SERVICENOW, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE

CUSIP 81762P 10 2
SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of ***ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO***

FULLY-PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

ServiceNow, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the Bylaws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

DATED <<Month Day, Year>>

FACSIMILE SIGNATURE TO COME
President

SERVICENOW, INC. CORPORATE SEAL 2013 DELAWARE

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

FACSIMILE SIGNATURE TO COME
Secretary

By ______________________
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

1234567

servicenow™

PO BOX 43004, Providence, RI 02940-3004

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP	XXXXXX XX X
Holder ID	XXXXXXXXXX
Insurance Value	1,000,000.00
Number of Shares	123456
DTC	12345678 123456789012345

Certificate Numbers	Num/No.	Denom.	Total
1234567890/1234567890	1	1	1
1234567890/1234567890	2	2	2
1234567890/1234567890	3	3	3
1234567890/1234567890	4	4	4
1234567890/1234567890	5	5	5
1234567890/1234567890	6	6	6
Total Transaction			7

SERVICENOW, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A COPY OF THE CERTIFICATE OF INCORPORATION OF THE COMPANY. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-..........................Custodian .... (Cust) (Minor)
TEN ENT	- as tenants by the entireties		under Uniform Gifts to Minors Act.......................... (State)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	-..........................Custodian (until age..........................) (Cust)
			..........................under Uniform Transfers to Minors Act .... (Minor) (State)

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, ____________________________hereby sell, assign and transfer unto

____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

____

____

____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

____ Attorney

to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: ________________________________20__________________

Signature: ____

Signature: ____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER, DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that we report the cost basis of certain shares acquired after January 1, 2011. If your shares were covered by the legislation and you have sold or transferred the shares and requested a specific cost basis calculation method, we have processed as requested. If you did not specify a cost basis calculation method, we have defaulted to the first in, first out (FIFO) method. Please visit our website or consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with us or do not have any activity in your account for the time periods specified by state law, your property could become subject to state unclaimed property laws and transferred to the appropriate state.

1234567

FENWICK & WEST LLP

SILICON VALLEY 801 CALIFORNIA STREET MOUNTAIN VIEW, CA 94041
TEL: 650.988.8500 FAX: 650.938.5200 WWW.FENWICK.COM

June 19, 2012

ServiceNow, Inc.
12225 El Camino Real, Suite 100
San Diego, CA 92130

Gentlemen/Ladies:

At your request, we have examined the Registration Statement on Form S-1 (Registration No. 333-180486) (the "***Registration Statement***") filed by ServiceNow, Inc., a Delaware corporation (the "***Company***"), with the Securities and Exchange Commission (the "***Commission***") on March 30, 2012, as subsequently amended on May 4, 2012, May 24, 2012 and June 19, 2012, in connection with the registration under the Securities Act of 1933, as amended (the "***Securities Act***"), of an aggregate of up to 13,397,500 shares of the Company's Common Stock, $0.001 par value per share (the "***Stock***"), consisting of (i) up to 10,350,000 shares of the Company's Common Stock (the "***Company Shares***") that will be issued by the Company and (ii) up to 3,047,500 presently issued and outstanding shares of the Company's Common Stock (the "***Selling Stockholders' Shares***") that will be sold by certain selling stockholders of the Company (the "***Selling Stockholders***").

In rendering this opinion, we have examined such matters of fact as we have deemed necessary in order to render the opinion set forth herein, which included examination of the following:

(1) the Company's Restated Certificate of Incorporation, as filed with the Delaware Secretary of State on June 6, 2012 (the "***Restated Certificate***");

(2) the form of the Company's Restated Certificate of Incorporation that the Company intends to file and that will be effective upon the consummation of the sale of the Stock (the "***Post-Effective Restated Certificate***");

(3) the Company's Bylaws, as certified by the Company's Secretary on March 27, 2012 (the "***Bylaws***");

(4) the form of the Company's Restated Bylaws that the Company has adopted in connection with, and that will be effective upon, the consummation of the sale of the Stock (the "***Post-Effective Restated Bylaws***");

(5) the Registration Statement, together with the Exhibits filed as a part thereof or incorporated therein by reference;

(6) the preliminary prospectus prepared in connection with the Registration Statement (the “***Prospectus***”);

(7) the underwriting agreement to be entered into by and among the Company, the Selling Stockholders and Morgan Stanley & Co. LLC, as representative of the several underwriters;

(8) the minutes of meetings and actions by written consent of the Company’s Board of Directors (the “***Board***”) and the Company’s stockholders (the “***Stockholders***”) provided to us by the Company relating to the adoption, approval, authorization and/or ratification of (i) the Restated Certificate, (ii) the Post-Effective Restated Certificate, (iii) the Bylaws and (iv) the Post-Effective Restated Bylaws;

(9) the minutes of meetings and actions by written consent of the Board and stockholders that are contained in the Company’s minute books that are in our possession, together with resolutions to be adopted by the Board in connection with the sale and issuance of the Stock;

(10) the stock records that the Company has provided to us (consisting of a list of stockholders, optionholders and restricted stock unit holders that was prepared by the Company and dated of even date herewith, respecting the Company’s capital stock and any rights to purchase capital stock and verifying the number of such issued and outstanding securities);

(11) the agreements pursuant to which the Selling Stockholders’ Shares were originally issued;

(12) a Certificate of Good Standing issued by the Secretary of State of the State of Delaware dated June 18, 2012, stating that the Company is in good standing and has a legal corporate existence under the laws of the State of Delaware (the “***Certificate of Good Standing***”);

(13) a management certificate addressed to us and dated of even date herewith executed by the Company containing certain factual representations (the “***Management Certificate***”);

(14) the custody agreements and powers of attorney signed by the Selling Stockholders in connection with the sale of the Selling Stockholders’ Shares described in the Registration Statement; and

(15) the Certificate of Merger of Service-now.com, a California corporation, with and into the Company, as filed with the Delaware Secretary of State on May 22, 2012.

In our examination of documents for purposes of this opinion, we have assumed, and express no opinion as to, the genuineness of all signatures on original documents, the authenticity and completeness of all documents submitted to us as originals, the conformity to originals and completeness of all documents submitted to us as copies, the legal capacity of all persons or entities executing the same, the lack of any undisclosed termination, modification, waiver or amendment to any document reviewed by us and the due authorization, execution and delivery of all documents by the Selling Stockholders where due authorization, execution and delivery are prerequisites to the effectiveness thereof.

As to matters of fact relevant to this opinion, we have relied solely upon our examination of the documents referred to above and have assumed the current accuracy and completeness of the information obtained from the documents referred to above and the representations and warranties made by representatives of the Company to us, including but not limited to those set forth in the Management Certificate. We have made no independent investigation or other attempt to verify the accuracy of any of such information or to determine the existence or non-existence of any other factual matters.

We render this opinion only with respect to, and express no opinion herein concerning the application or effect of the laws of any jurisdiction other than, the existing laws of the United States of America, the State of California and the existing Delaware General Corporation Law, the Delaware Constitution and reported judicial decisions relating thereto.

With respect to our opinion expressed in paragraph (1) below as to the valid existence and good standing of the Company under the laws of the State of Delaware, we have relied solely upon the Certificate of Good Standing and representations made to us by the Company in the Management Certificate.

In connection with our opinions expressed below, we have assumed that, at or prior to the time of the delivery of any shares of Stock, the Registration Statement will have been declared effective under the Securities Act, that the shares of Stock will have been registered under the Securities Act pursuant to the Registration Statement and that such registration will not have been modified or rescinded, and that there will not have occurred any change in law affecting the validity of the issuance of such shares of Stock.

In accordance with Section 95 of the American Law Institute’s Restatement (Third) of the Law Governing Lawyers (2000), this opinion letter is to be interpreted in accordance with customary practices of lawyers rendering opinions to third parties in connection with the filing of a registration statement with the Commission of the type described herein.

Based upon the foregoing, it is our opinion that:

(1) The Company is a corporation validly existing, in good standing, under the laws of the State of Delaware;

(2) The up to 10,350,000 Company Shares to be issued and sold by the Company pursuant to the Registration Statement, when issued, sold and delivered in the manner and for the consideration stated in the Registration Statement and the Prospectus, and in accordance with the resolutions adopted by the Board and to be adopted by the Pricing Committee of the Board, will be validly issued, fully paid and nonassessable; and

(3) The up to 3,047,500 Selling Stockholders' Shares to be sold by the Selling Stockholders pursuant to the Registration Statement are validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectus constituting a part thereof and any amendments thereto. In rendering the opinions set forth above, we are opining only as to the specific legal issues expressly set forth therein, and no opinion shall be inferred as to any other matter or matters.

This opinion is intended solely for use in connection with issuance and sale of shares subject to the Registration Statement and is not to be relied upon for any other purpose. This opinion is rendered as of the date first written above and based solely on our understanding of facts in existence as of such date after the aforementioned examination. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention whether or not such occurrence would affect or modify any of the opinions expressed herein.

Very truly yours,

FENWICK & WEST LLP

By: /s/ Robert A. Freedman
Robert A. Freedman, a Partner

Exhibit 10.1

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of _____________, _____ is made by and between ServiceNow, Inc., a Delaware corporation (the "Company"), and _________________, a director, officer or key employee of the Company or one of the Company's subsidiaries or other service provider who satisfies the definition of Indemnifiable Person set forth below ("Indemnitee").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the "Board") have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law ("Section 145"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "Affiliate" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Change in Control. For purposes of this Agreement, "Change in Control" means (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding capital stock, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 80% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses. For purposes of this Agreement, "Expenses" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness in, a Proceeding (as defined below), or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a Proceeding.

(d) Indemnifiable Event. For purposes of this Agreement, "Indemnifiable Event" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(e) Indemnifiable Person. For the purposes of this Agreement, "Indemnifiable Person" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(f) Independent Counsel. For purposes of this Agreement, "Independent Counsel" means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(g) Other Liabilities. For purposes of this Agreement, "Other Liabilities" means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, ERISA (or other benefit plan related) excise taxes or penalties, and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(h) Proceeding. For the purposes of this Agreement, "Proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(i) Subsidiary. For purposes of this Agreement, "Subsidiary" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end according to the terms of an agreement, the Company's Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent not prohibited by the provisions of the Company's Bylaws and the Delaware General Corporation Law ("GCL"), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the Bylaws or the GCL permitted prior to the adoption of such amendment).

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the Company's Bylaws or the GCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement.

6. Mandatory Advancement of Expenses.

(a) Advancement. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Company's Certificate of Incorporation or Bylaws and the GCL. The advances to be made hereunder shall be paid by the Company to Indemnitee or directly to a third party designated by Indemnitee within thirty (30) days following delivery of a written request therefor by Indemnitee to the Company. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon.

(b) Exception. Notwithstanding the provisions of Section 6(a), the Company shall not be obligated to make any further advance of Expenses to Indemnitee if any one of the following determines in good faith that the facts known to them at the time such determination is made demonstrate clearly and convincingly that Indemnitee acted in bad faith: (i) those members of the Board consisting of directors who were not parties to the Proceeding for which a claim is made under this Agreement ("Independent Directors"), even though less than a quorum, (ii) by a committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum, (iii) Independent Counsel, by written legal opinion, or (iv) a panel of arbitrators (one of whom is selected by the Company, another of whom is selected by Indemnitee and the last of whom is selected by the first two arbitrators so selected). The Company shall have the option to submit the question of whether Indemnitee has acted in bad faith to one of the four alternative decision makers set forth in the preceding sentence and to select the decision maker, but following a favorable determination to Indemnitee rendered by the first decision maker selected, the Company may not submit the matter to another of the named decision makers. If the Company elects to submit the matter to Independent Counsel, such counsel shall be selected by Indemnitee and approved by the Independent Directors or a committee of Independent Directors (which approval may not be unreasonably withheld). Any decision maker so selected shall render a decision within thirty (30) days of such decision maker's selection (which shall include in the case of Independent Counsel or a panel of arbitrators, when the person or persons acting as such counsel or such panel has or have been selected as provided above).

If a decision is made by the decision maker that Indemnitee acted in bad faith, Indemnitee shall have the right to apply to the Delaware Court of Chancery for the purpose of determining whether Indemnitee has acted in bad faith.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the

Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there is likely to be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company fails to employ counsel to assume the defense of such Proceeding, the fees and expenses of Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; *provided*, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent from any settlement of any Proceeding.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has not failed to meet the applicable standard of conduct for indemnification.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

(1) Those members of the Board who are Independent Directors even though less than a quorum;

(2) A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

(3) Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of independent counsel as the forum.

The selected forum shall be referred to herein as the “Reviewing Party”. Notwithstanding the foregoing, following any Change in Control, the Reviewing Party shall be Independent Counsel selected in the manner provided in (3) above.

(d) As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee’s choice of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee’s right to indemnification pursuant to the provisions of this Agreement, the Company’s Certificate of Incorporation or Bylaws or the GCL.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any hearing or Proceeding under this Section 8 or under Section 6(b) involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of “Good Faith”. For purposes of any determination of whether Indemnitee acted in “good faith” or acted in “bad faith,” Indemnitee shall be deemed to have acted in good faith or not acted in bad faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party, decision maker pursuant to Section 6(b) or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding,

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (1) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, the Company's Certificate of Incorporation or Bylaws, any other statute or law, as permitted under Section 145, or otherwise, (2) where the Board has consented to the initiation of such Proceeding, or (3) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of l934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

[INSERT FOR DIRECTORS WITH FUND INDEMNITY:] [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by [NAME OF FUND] and certain of their affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), regardless of whether such obligations arise or exist under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements or otherwise, (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and pursuant to the terms of this Agreement, the Certificate of Incorporation or Bylaws of the Company (or any other agreement between the Company and Indemnitee) or by law, without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 10(b).]

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver

of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. The terms of this Agreement shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) personal service by a process server, or (iv) delivery to the recipient's address by overnight delivery (e.g., FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's General Counsel.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party or one of the decision makers described in Section 6(b) to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company including a determination pursuant to Section 6(b), or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 6(b) or 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution. (a) Except as provided in Section 10(b), in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

SERVICENOW, INC.

By: ____________________

Its: ____________________

INDEMNITEE:

____

Address: ____________________

____

Exhibit 10.3

SERVICENOW, INC.

2012 EQUITY INCENTIVE PLAN

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents and Subsidiaries that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 27.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.6 and 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board, is 9,600,000 Shares plus (i) any reserved shares not issued or subject to outstanding grants under the Company's 2005 Stock Plan (the "***Prior Plan***") on the Effective Date (as defined below), (ii) shares that are subject to stock options or other awards granted under the Prior Plan that cease to be subject to such stock options or other awards by forfeiture or otherwise after the Effective Date, (iii) shares issued under the Prior Plan before or after the Effective Date pursuant to the exercise of stock options that are, after the Effective Date, forfeited, (iv) shares issued under the Prior Plan that are repurchased by the Company at the original issue price and (v) shares that are subject to stock options or other awards under the Prior Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award.

2.2 Lapsed, Returned Awards. Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to an Exchange Program. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used to pay the exercise price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 shall not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3 Minimum Share Reserve. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4 Automatic Share Reserve Increase. The number of Shares available for grant and issuance under the Plan shall be increased on January 1, of each of the ten (10) calendar years during the term of the Plan, by the lesser of (i) five percent (5%) of the number of Shares issued and outstanding on each December 31 immediately prior to the date of increase or (ii) such number of Shares determined by the Board.

2.5 Limitations. No more than fifty million (50,000,000) Shares shall be issued pursuant to the exercise of ISOs.

2.6 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, (b) the Exercise Prices of and number of Shares subject to outstanding Options and SARs, (c) the number of Shares subject to other outstanding Awards, (d) the maximum number of shares that may be issued as ISOs set forth in Section 2.5, (e) the maximum number of Shares that may be issued to an individual or to a new Employee in any one calendar year set forth in Section 3 and (f) the number of Shares that are granted as Awards to Non-Employee Directors as set forth in Section 12, shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors and Non-Employee Directors of the Company or any Parent or Subsidiary of the Company; provided such Consultants, Directors and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. No Participant will be eligible to receive more than three million (3,000,00) Shares in any calendar year under this Plan pursuant to the grant of Awards except that new Employees of the Company or of a Parent or Subsidiary of the Company (including new Employees who are also officers and directors of the Company or any Parent or Subsidiary of the Company) are eligible to receive up to a maximum of six million (6,000,000) Shares in the calendar year in which they commence their employment.

4. ADMINISTRATION.

4.1 Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board shall establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may vest and be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(h) grant waivers of Plan or Award conditions;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been earned;

(l) determine the terms and conditions of any, and to institute any Exchange Program;

(m) reduce or waive any criteria with respect to Performance Factors;

(n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships provided that such adjustments are consistent with the regulations promulgated under Section 162(m) of the Code with respect to persons whose compensation is subject to Section 162(m) of the Code;

(o) adopt rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States;

(p) make all other determinations necessary or advisable for the administration of this Plan; and

(q) delegate any of the foregoing to a subcommittee consisting of one or more executive officers pursuant to a specific delegation.

4.2 Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3 Section 162(m) of the Code and Section 16 of the Exchange Act. When necessary or desirable for an Award to qualify as "performance-based compensation" under Section 162(m) of the Code the Committee shall include at least two persons who are "outside directors" (as defined under Section 162(m) of the Code) and at least two (or a majority if more than two then serve on the Committee) such "outside directors" shall approve the grant of such Award and timely determine (as applicable) the Performance Period and any Performance Factors upon which vesting or settlement of any portion of such Award is to be subject. When required by Section 162(m) of the Code, prior to settlement of any such Award at least two (or a majority if more than two then serve on the Committee) such "outside directors" then serving on the Committee shall determine and certify in writing the extent to which such Performance Factors have been timely achieved and the extent to which the Shares subject to such Award have thereby been earned. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more "non-employee directors" (as defined in the regulations promulgated under Section 16 of the Exchange Act). With respect to Participants whose compensation is subject to Section 162(m) of the Code, and provided that such adjustments are consistent with the regulations promulgated under Section 162(m) of the Code, the Committee may adjust the performance goals to account for changes in law and accounting and to make such adjustments as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) a change in accounting standards required by generally accepted accounting principles.

4.4 Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5. OPTIONS. The Committee may grant Options to Participants and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("***ISOs***") or Nonqualified Stock Options ("***NQSOs***"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NQSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each Option; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company ("***Ten Percent Stockholder***") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (i) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5 Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.6 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

5.6 Termination. The exercise of an Option will be subject to the following (except as may be otherwise provided in an Award Agreement):

(a) If the Participant is Terminated for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the Termination Date no later than ninety (90) days after the Termination Date (or such shorter time period or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be the exercise of an NQSO), but in any event no later than the expiration date of the Options.

(b) If the Participant is Terminated because of the Participant's death (or the Participant dies within ninety (90) days after a Termination other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the Termination Date (or such shorter time period not less than six (6) months or longer time period not exceeding five (5) years as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(c) If the Participant is Terminated because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (with any exercise beyond (a) three (3) months after the Termination Date when the Termination is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the Termination Date when the Termination is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NQSO), but in any event no later than the expiration date of the Options.

(d) If the Participant is terminated for Cause, then Participant's Options shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee, but in any no event later than the expiration date of the Options. Unless otherwise provided in the Award Agreement, Cause will have the meaning set forth in the Plan.

5.7 Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as NQSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS.

6.1 Awards of Restricted Stock. A Restricted Stock Award is an offer by the Company to sell to a Participant Shares that are subject to restrictions ("***Restricted Stock***"). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.2 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.3 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 11 of the Plan, and the Award Agreement and in accordance with any procedures established by the Company.

6.4 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.5 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

7. STOCK BONUS AWARDS.

7.1 Awards of Stock Bonuses. A Stock Bonus Award is an award to an eligible person of Shares for services to be rendered or for past services already rendered to the Company or any Parent or Subsidiary. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.2 Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.3 Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

7.4 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

8. STOCK APPRECIATION RIGHTS.

8.1 Awards of SARs. A Stock Appreciation Right ("***SAR***") is an award to a Participant that may be settled in cash, or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

8.2 Terms of SARs. The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the SAR; and (d) the effect of the Participant's Termination on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.3 Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.4 Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price; times (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest or dividend equivalent, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code.

8.5 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

9. RESTRICTED STOCK UNITS.

9.1 Awards of Restricted Stock Units. A Restricted Stock Unit ("***RSU***") is an award to a Participant covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs shall be made pursuant to an Award Agreement.

9.2 Terms of RSUs. The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's Termination on each RSU. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.3 Form and Timing of Settlement. Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

9.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

10. PERFORMANCE AWARDS.

10.1 Performance Awards. A Performance Award is an award to a Participant of a cash bonus or a Performance Share bonus. Grants of Performance Awards shall be made pursuant to an Award Agreement.

10.2 Terms of Performance Awards. The Committee will determine, and each Award Agreement shall set forth, the terms of each award of Performance Award including, without limitation: (a) the amount of any cash bonus; (b) the number of Shares deemed subject to a Performance Share bonus; (c) the Performance Factors and Performance Period that shall determine the time and extent to which each Performance Award shall be settled; (d) the consideration to be distributed on settlement; and (e) the effect of the Participant's Termination on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (x) determine the nature, length and starting date of any Performance Period; and (y) select from among the Performance Factors to be used. Prior to settlement the Committee shall determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria.

10.3 Value, Earning and Timing of Performance Shares. Any Performance Share bonus will have an initial value equal to the Fair Market Value of a Share on the date of grant. After the applicable Performance Period has ended, the holder of a Performance Share bonus will be entitled to receive a payout of the number of Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Factors or other vesting provisions have been achieved. The Committee, in its sole discretion, may pay an earned Performance Share bonus in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Shares at the close of the applicable Performance Period) or in a combination thereof. Performance Share bonuses may also be settled in Restricted Stock.

10.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES.

Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary of the Company;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

12. GRANTS TO NON-EMPLOYEE DIRECTORS.

12.1 Types of Awards. Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to policy adopted by the Board, or made from time to time as determined in the discretion of the Board.

12.2 Eligibility. Awards pursuant to this Section 12 shall be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this Section 12.

12.3 Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards shall vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors shall not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

12.4 Election to receive Awards in Lieu of Cash. A Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash or Awards or a combination thereof, as determined by the Committee. Such Awards shall be issued under the Plan. An election under this Section 12.4 shall be filed with the Company on the form prescribed by the Company.

13. WITHHOLDING TAXES.

13.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company, or to the Parent or Subsidiary employing the Participant, an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant.

13.2 Stock Withholding. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such tax withholding obligation or any other tax liability legally due from the Participant, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

14. TRANSFERABILITY.

14.1 Transfer Generally. Unless determined otherwise by the Committee or pursuant to Section 14.2, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards shall be exercisable: (i) during the Participant’s lifetime only by (A) the Participant, or (B) the Participant’s guardian or legal representative; (ii) after the Participant’s death, by the legal representative of the Participant’s heirs or legatees; and (iii) in the case of all awards except ISOs, by a Permitted Transferee.

14.2 Award Transfer Program. Notwithstanding any contrary provision of the Plan, the Committee shall have all discretion and authority to determine and implement the terms and conditions of any Award Transfer Program instituted pursuant to this Section 14.2 and shall have the authority to amend the terms of any Award participating, or otherwise eligible to participate in, the Award Transfer Program, including (but not limited to) the authority to (i) amend (including to extend) the expiration date, post-termination exercise period and/or forfeiture conditions of any such Award, (ii) amend or remove any provisions of the Award relating to the Award holder’s continued service to the

Company, (iii) amend the permissible payment methods with respect to the exercise or purchase of any such Award, (iv) amend the adjustments to be implemented in the event of changes in the capitalization and other similar events with respect to such Award, and (v) make such other changes to the terms of such Award as the Committee deems necessary or appropriate in its sole discretion.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1 Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any dividend equivalent rights permitted by an applicable Award Agreement. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price, as the case may be, pursuant to Section 15.2.

15.2 Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "***Right of Repurchase***") a portion of any or all Unvested Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of the Participant's Termination Date and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. CERTIFICATES. All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS. Without prior stockholder approval the Committee may (i) reprice Options or SARS (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARS, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (ii) with the consent of the respective Participants (unless not required pursuant to Section 5.9 of the Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time.

21. CORPORATE TRANSACTIONS.

21.1 Assumption or Replacement of Awards by Successor. In the event of a Corporate Transaction any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, then notwithstanding any other provision in this Plan to the contrary, such Awards shall have their vesting accelerate as to all shares subject to such Award (and any applicable right of repurchase fully lapse) immediately prior to the Corporate Transaction and then such Awards will terminate. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Corporate Transaction.

21.2 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards shall not reduce the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year.

21.3 Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors shall accelerate and such Awards shall become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. ADOPTION AND STOCKHOLDER APPROVAL. This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

24. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award shall be governed by the version of this Plan then in effect at the time such Award was granted.

25. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or directors of the Company.

27. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

"***Award***" means any award under the Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or award of Performance Shares.

“***Award Agreement***” means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

“***Award Transfer Program***” means any program instituted by the Committee which would permit Participants the opportunity to transfer any outstanding Awards to a financial institution or other person or entity approved by the Committee.

“***Board***” means the Board of Directors of the Company.

“***Cause***” means (i) embezzlement or misappropriation of funds; (ii) conviction of, or entry of a plea of nolo contendre to, a felony involving moral turpitude; (iii) commission of material acts of dishonesty, fraud, or deceit; (iv) breach of any material provisions of any employment agreement; (v) habitual or willful neglect of duties; (vi) breach of fiduciary duty; or (vii) material violation of any other duty whether imposed by law or the Board.

“***Code***” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“***Committee***” means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

“***Common Stock***” means the common stock of the Company.

“***Company***” means ServiceNow, Inc., or any successor corporation.

“***Consultant***” means any person, including an advisor or independent contractor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

“***Corporate Transaction***” means the occurrence of any of the following events: (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then-outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets; (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation or (iv) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company).

“***Director***” means a member of the Board.

“***Disability***” means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"***Effective Date***" means the day immediately prior to the date of the underwritten initial public offering of the Company's Common Stock pursuant to a registration statement that is declared effective by the SEC.

"***Employee***" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

"***Exchange Act***" means the United States Securities Exchange Act of 1934, as amended.

"***Exchange Program***" means a program pursuant to which (i) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (ii) the exercise price of an outstanding Award is increased or reduced.

"***Exercise Price***" means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

"***Fair Market Value***" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street* Journal or such other source as the Committee deems reliable;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(c) in the case of an Option or SAR grant made on the Effective Date, the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(d) if none of the foregoing is applicable, by the Board or the Committee in good faith.

"***Insider***" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

"***Non-Employee Director***" means a Director who is not an Employee of the Company or any Parent or Subsidiary.

"***Option***" means an award of an option to purchase Shares pursuant to Section 5.

"***Parent***" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"***Participant***" means a person who holds an Award under this Plan.

"***Performance Award***" means cash or stock granted pursuant to Section 10 or Section 12 of the Plan.

"Performance Factors" means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective measures, either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) Profit Before Tax;

(b) Billings;

(c) Revenue;

(d) Net revenue;

(e) Earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings);

(f) Operating income;

(g) Operating margin;

(h) Operating profit;

(i) Controllable operating profit, or net operating profit;

(j) Net Profit;

(k) Gross margin;

(l) Operating expenses or operating expenses as a percentage of revenue;

(m) Net income;

(n) Earnings per share;

(o) Total stockholder return;

(p) Market share;

(q) Return on assets or net assets;

(r) The Company's stock price;

(s) Growth in stockholder value relative to a pre-determined index;

(t) Return on equity;

(u) Return on invested capital;

(v) Cash Flow (including free cash flow or operating cash flows)

(w) Cash conversion cycle;

(x) Economic value added;

(y) Individual confidential business objectives;

(z) Contract awards or backlog;

(aa) Overhead or other expense reduction;

(bb) Credit rating;

(cc) Strategic plan development and implementation;

(dd) Succession plan development and implementation;

(ee) Improvement in workforce diversity;

(ff) Customer indicators;

(gg) New product invention or innovation;

(hh) Attainment of research and development milestones;

(ii) Improvements in productivity;

(jj) Bookings; and

(kk) Attainment of objective operating goals and employee metrics; and

The Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

"***Performance Period***" means the period of service determined by the Committee, during which years of service or performance is to be measured for the Award.

"***Performance Share***" means a performance share bonus granted as a Performance Award.

"***Permitted Transferee***" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

“***Plan***” means this ServiceNow, Inc. 2012 Equity Incentive Plan.

“***Purchase Price***” means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

“***Restricted Stock Award***” means an award of Shares pursuant to Section 6 or Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

“***Restricted Stock Unit***” means an Award granted pursuant to Section 9 or Section 12 of the Plan.

“***SEC***” means the United States Securities and Exchange Commission.

“***Securities Act***” means the United States Securities Act of 1933, as amended.

“***Shares***” means shares of the Company’s Common Stock and the common stock of any successor security.

“***Stock Appreciation Right***” means an Award granted pursuant to Section 8 or Section 12 of the Plan.

“***Stock Bonus***” means an Award granted pursuant to Section 7 or Section 12 of the Plan.

“***Subsidiary***” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

“***Termination***” or “***Terminated***” means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee; provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of military leave, if required by applicable laws, vesting shall continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant’s returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide services to the Company throughout the leave on the same terms as he or she was providing services immediately prior to such leave. An employee shall have terminated employment as of the date he or she ceases to be employed (regardless of whether the termination is in breach of local laws or is later found to be invalid) and employment shall not be extended by any notice period or garden leave mandated by local law. The Committee will have sole discretion to determine whether a Participant has ceased to provide services for purposes of the Plan and the effective date on which the Participant ceased to provide services (the “***Termination Date***”).

"***Unvested Shares***" means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF GLOBAL STOCK OPTION GRANT

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Global Stock Option Grant (the "***Notice***").

Name:

Address:

You (the "***Participant***") have been granted an option to purchase shares of Common Stock of the Company under the Plan subject to the terms and conditions of the Plan, this Notice and the Global Stock Option Award Agreement, including any appendix to the Global Stock Option Award Agreement for Participant's country (the "***Appendix***") (the Stock Option Award Agreement and the Appendix are collectively referred to as the "***Agreement***").

Grant Number:	
Date of Grant:	
Vesting Commencement Date:	
Exercise Price per Share:	US$
Total Number of Shares:	
Type of Option:	
Expiration Date:	
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

[ServiceNow to insert vesting schedule]

By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or service with the Company or a Parent or Subsidiary of the Company is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Options pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or a Parent or Subsidiary of the Company. Furthermore, the period during which Participant may exercise the Option after such Termination will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's employment agreement. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this Option, Participant consents to the electronic delivery as set forth in the Agreement.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Global Stock Option Award Agreement (the "***Agreement***"), any capitalized terms used herein shall have the meaning ascribed to them in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***").

Participant has been granted an option to purchase Shares (the "***Option***"), subject to the terms and conditions of the Plan, the Notice of Global Stock Option Grant (the "***Notice***") and this Agreement, including any appendix to this Agreement for Participant's country (the "***Appendix***").

1. Vesting Rights. Subject to the applicable provisions of the Plan and this Agreement, this Option may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice.

2. Termination Period.

(a) General Rule. Except as provided below, and subject to the Plan, this Option may be exercised for 90 days after Participant's Termination. In no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(b) Death; Disability. Unless provided otherwise in the Notice, upon Participant's Termination by reason of his or her death, or if a Participant dies within 90 days of the Termination Date, this Option may be exercised for twelve months, provided that in no event shall this Option be exercised later than the Expiration Date set forth in the Notice. Unless provided otherwise in the Notice, upon Participant's Termination by reason of his or her Disability, this Option may be exercised for six months, provided that in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(c) Cause. Upon Participant's Termination for Cause (as defined in the Plan), the Option shall expire on such date of Participant's Termination Date.

3. Grant of Option. Participant named in the Notice has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share in U.S. Dollars set forth in the Notice (the "***Exercise Price***"). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. If designated in the Notice as an Incentive Stock Option ("***ISO***"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an ISO, to the extent that it exceeds the U.S. $100,000 rule of Code Section 422(d) it shall be treated as a Nonqualified Stock Option ("***NQSO***").

4. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Agreement. In the event of Participant's death, Disability, Termination for Cause or other Termination, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice and this Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the "***Exercise Notice***"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "***Exercised Shares***"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any Tax-Related Items withholding (as defined in Section 8(a) below). This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any Tax-Related Items.

(c) No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed and any exchange control restrictions. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) cash;

(b) check;

(c) a “broker-assisted” or “same-day sale” (as described in Section 11(d) of the Plan); or

(d) other method authorized by the Committee.

6. Limited Transferability of Option. Except as set forth in this Section 6, this Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by the Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant. Notwithstanding anything else in this Section 6, for U.S. Participants, a NQSO may be transferred by instrument to an inter vivos or testamentary trust in which the NQSO is to be passed to beneficiaries upon the death of the trustor (settlor), to a guardian on the disability or to an executor on death of the NQSO holder, or by gift or pursuant to domestic relations orders to Participant’s “Immediate Family” (as defined below), provided that any such permitted transferees may not transfer NQSOs to parties other than Participant or Participant’s Immediate Family (transfers between a Participant’s Immediate Family and between a Participant’s Immediate Family and Participant are permitted). For the sake of clarification, multiple transfers of NQSOs may be made, by gift or pursuant to domestic relations orders, back and forth between Immediate Family and a Participant pursuant to this Section 6. “***Immediate Family***” means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, domestic partner sharing the same household, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or Participant) control the management of assets, and any other entity in which these persons (or Participant) own more than fifty percent of the voting interests. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, transferees, successors and assigns of Participant.

7. Term of Option. This Option shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Global Stock Option Grant and Section 5.3 of the Plan applies).

8. Tax Consequences.

(a) Exercising the Option. Participant acknowledges that, regardless of any action taken by the Company or a Parent or Subsidiary of the Company employing or retaining Participant (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization) without further consent; or

(iii) withholding in Shares to be issued upon exercise of the Option, provided the Company only withholds from the amount of Shares necessary to satisfy the minimum statutory withholding amount; or

(iv) any other arrangement approved by the Committee.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full member of Shares issued upon exercise of the Options; notwithstanding that a member of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(b) Notice of Disqualifying Disposition of ISO Shares. For U.S. taxpayers, if Participant sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to Participant.

9. Nature of Grant. In accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future Option or other grants, if any, will be at the sole discretion of the Company;

(d) the Option grant and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Parent or Subsidiary of the Company;

(e) Participant is voluntarily participating in the Plan;

(f) the Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(g) the Option and any Shares acquired under the Plan and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying Shares do not increase in value, the Option will have no value;

(j) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from Participant's Termination, and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Parent or Subsidiary of the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(l) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(m) the following provisions apply only if Participant is providing services outside the United States:

(i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

10. <u>No Advice Regarding Grant</u>. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. <u>Data Privacy</u>. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or

refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant options or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

12. **Language**. If Participant has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13. **Appendix**. Notwithstanding any provisions in this Agreement, the Option grant shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

14. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares purchased upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. **Acknowledgement**. The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement (including the Appendix) and by the provisions of the Plan (incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

16. **Entire Agreement; Enforcement of Rights**. This Agreement (including the Appendix), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

17. **Compliance with Laws and Regulations**. The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer.

18. **Governing Law; Severability**. If one or more provisions of this Agreement are held to be unenforceable, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

19. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without Cause.

By Participant's signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on the Notice. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

APPENDIX
SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Option granted to Participant under the Plan if Participant resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2012. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant exercises this Option or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently working or transfers to another country after the grant of this Option, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant under these circumstances.

AUSTRALIA

Terms and Conditions

Option Expiration Date. Notwithstanding anything to the contrary in the Agreement, the Expiration Date for this Option shall be the earlier of (a) the Expiration Date set forth in the Notice, or (b) seven (7) years from the Date of Grant.

Method of Payment. The following provision supplements section 5(c) of the Agreement:

Participant may not exercise his or her Option using a "broker-assisted" or "same-day sale" or any form of cashless exercise (as described in section 11(d) of the Plan), whereby Participant directs a broker to sell the Shares subject to the exercised Option and deliver to the Company the amount of the sale proceeds to pay the Exercise Price and any Tax-Related Items. However, payment of the Exercise Price may be made by any of the other methods of payment set forth in the Agreement.

Limitations on Transfer. By accepting the offer of Options on the terms set out in the Agreement, Participant hereby agrees the he or she will not transfer, dispose of or agree to offer to dispose of the Shares issued to Participant on exercise of the Options within Australia for a period of 12 months after the date of exercise of the Option.

Notifications

Securities Law Information. If Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant is advised to obtain legal advice regarding his or her disclosure obligations prior to making any such offer.

CANADA

Terms and Conditions

Payment of Awards. Due to legal restrictions in Canada, Participant is prohibited from tendering Shares that he or she already owns to pay the Exercise Price or any Tax-Related Items in connection with the Option.

Termination. Participant's right to vest in the Option under the Plan will terminate effective as of the earlier of (a) the Termination Date, or (b) the date upon which Participant receives a Notice of Termination and the period during which Participant may exercise the Option after such termination of Participant's employment will commence on the same date.

The following provisions will apply if Participant is a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements section 11 of the Agreement:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Parent or Subsidiary of the Company and any stock plan service provider that may be selected by the Company to assist with the Plan to disclose and discuss the Plan with their respective advisors. Participant further authorizes the Company and any Parent or Subsidiary of the Company to record such information and to keep such information in Participant's employee file.

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed on the New York Stock Exchange.

DENMARK

Notifications

Exchange Control and Tax Reporting Information. Participant may hold Shares acquired under the Plan in a safety-deposit account (*e.g.*, a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the Shares are held with a non-Danish broker or bank, Participant is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, Participant must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at exercise and held in such account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Form V, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when Participant opens a deposit account or a brokerage account for the purpose of holding cash outside of Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, Participant must also file a Declaration K (*Erklaering K*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Participants annual income tax return. By signing the Declaration K, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

If Participant uses the broker-assisted, same-day sale or cashless sell-all method of exercise, Participant is not required to file a Form V because he or she will not hold any Shares. However, if Participant opens a deposit account with a foreign broker or bank to hold the cash proceeds, he or she is required to file a Form K as described above.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the Option, Participant confirms having read and understood the documents relating to this grant (the Plan, the Agreement, the Notice and this Appendix) which were provided in English language. Participant accepts the terms of those documents accordingly.

Consentement pour recevoir les informations en langue anglaise
En acceptant l'Option, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan, le Contrat, l'Avis et cette Annexe) qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Notifications

Exchange Control Notification. Participant may hold Shares acquired under the Plan outside of France provided that Participant declares all foreign accounts (including any accounts that were opened or closed during the tax year) on his or her annual income tax return. Furthermore, Participant must declare to the customs and excise authorities any cash or securities Participant imports or exports without the use of a financial institution when the value of the cash or securities exceeds a certain threshold which is set annually (€10,000 for 2012 for transfers outside the European Union).

Tax Information. Participant understands the Option is intended to be tax qualified Option, although the Company does not represent or guarantee that Participant's Award will be taxed under the French-qualified tax regime.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of €12,500 in connection with the sale of securities must be reported monthly to the *Servicezentrum Außenwirtschaftsstatistik*, which is the competent federal office of the Deutsche Bundesbank (the German Central Bank) for such notifications in Germany. If Participant uses a German commercial bank to effectuate such cross-border payment, the bank will provide Participant with the required form.

ISRAEL

Terms and Conditions

The following provisions apply to Participants who are in Israel on the Date of Grant.

Trustee Arrangement. Participant hereby agrees that the Option, as shall be granted to him or her by the Company under the Israeli Subplan to the Plan, shall be allocated under the provisions of the track referred to as the "Capital Gains Track," according to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance and shall be held by the trustee (the "***Trustee***") for the periods stated in Section 102 (the "***Holding Period*** ").

Participant hereby declares that:

1. Participant understands the provisions of Section 102 and the applicable tax track of this grant of Options.

2. Subject to the provisions of Section 102, Participant hereby confirms that Participant shall not sell and/or transfer the Options, or any Shares or additional rights associated with the Options, before the end of the Holding Period. In the event that Participant elects to sell or release the Shares or additional rights, as the case may be, prior to the expiration of the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by Participant.

3. Participant understands that this grant of Options is conditioned upon the receipt of all required approvals from Israeli tax authorities.

4. Participant agrees to be bound by the provisions of the trust agreement with the Trustee.

5. Participant hereby confirms that he or she has: (i) read and understands this Agreement; (ii) received all the clarifications and explanations that he or she has requested; and (iii) had the opportunity to consult with his or her advisers before accepting this Agreement.

The following provisions apply to Participants who transfer into Israel after the Date of Grant.

Exercise of Option. The following provision supplements section 4 of the Agreement.

Participant will be restricted to exercising his or her Option using the broker-assisted, same-day sale or cashless sell-all exercise method, pursuant to which all Shares are sold immediately upon exercise of the Option and Participant receives the sale proceeds less the Exercise Price, Tax-Related Items and any applicable broker fees or commissions. Participant will not be entitled to hold any Shares acquired at exercise.

NETHERLANDS

Notifications

Securities Law Notification. Participant should be aware of the Dutch insider-trading rules, which may impact the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effectuating certain transactions if Participant has inside information about the Company.

By accepting the grant of the Option and participating in the Plan, Participant acknowledges having read and understood this Securities Law Notification and further acknowledges that it is Participant's responsibility to comply with the following Dutch insider trading rules.

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has "inside information" related to the Company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is knowledge of specific information concerning the company to which the securities relate that is not public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of the Company or a Subsidiary in the Netherlands who has inside information as described above.

Given the broad scope of the definition of inside information, certain Participants working at a Subsidiary in the Netherlands may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when Participant had such inside information.

If Participant is uncertain whether the insider-trading rules apply to him or her, Participant should consult his or her personal legal advisor.

UNITED KINGDOM

Terms and Conditions

The following terms and conditions apply only if Participant is an Employee. No grants under this Agreement shall be made to Consultants or Directors resident in the United Kingdom.

Responsibility for Taxes. The following provisions supplement section 8(a) of the Agreement:

Participant agrees that, if Participant does not pay or the Employer or the Company does not withhold from Participant the full amount of income tax that Participant owes at exercise of the Option, or the release or assignment of the Option for consideration, or the receipt of any other benefit in connection with the Option (the "***Due Date***") within 90 days after the Due Date, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by Participant to the Employer, effective 90 days after the Due Date. Participant agrees that the loan will bear interest at Her Majesty's Revenue and Customs ("***HMRC***") official rate and will be immediately due and repayable by Participant, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to Participant by the Employer, by withholding in Shares issued upon exercise of the Option or from the cash proceeds from the sale of Shares or by demanding cash or a cheque from Participant. Participant also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is an executive officer or director and income tax is not collected from or paid by Participant within 90 days of the Due Date, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and National Insurance Contributions ("***NICs***") (including Employer NICs, as defined below) may be payable. Participant acknowledges that the Company or the Employer may recover any such additional income tax and NICs (including Employer NICs, as defined below) at any time thereafter by any of the means referred to in section 8(a) of the Agreement, although Participant acknowledges that he or she ultimately will be responsible for reporting any income tax or NICs (including Employer NICs, as defined below) due on this additional benefit directly to the HMRC under the self-assessment regime.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the exercise of the Option, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the "***Employer NICs***"). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in section 8(a) of the Agreement.

If Participant does not enter into a Joint Election prior to exercising the Option or if approval of the Joint Election has been withdrawn by HMRC, the Option shall become null and void without any liability to the Company and/or the Employer and may not be exercised by Participant.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN

<u>Election To Transfer the Employer's National Insurance Liability to the Employee</u>

This Election is between:

A. The individual who has obtained authorised access to this Election (the "***Employee***"), who is employed by one of the employing companies listed in the attached schedule (the "***Employer***") and who is eligible to receive a stock option ("***Option***") pursuant to the 2012 Equity Incentive Plan (the "**Plan**"), and

B. ServiceNow, Inc., 102 S. Sierra Avenue, Solana Beach, CA 92075, U.S.A. (the "**Company**"), which may grant Options under the Plan and is entering into this Election on behalf of the Employer.

6. **Introduction**

6.1 This Election relates to all Options granted to the Employee under the Plan on or after [*insert the effective date of the Plan*] up to the termination date of the Plan.

6.2 In this Election the following words and phrases have the following meanings:

(a) "**Chargeable Event**" means, in relation to the Options:

(i) the acquisition of securities pursuant to stock options (within section 477(3)(a) of ITEPA);

(ii) the assignment (if applicable) or release of the stock options in return for consideration (within section 477(3)(b) of ITEPA);

(iii) the receipt of a benefit in connection with the stock options, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

(iv) post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 427 of ITEPA); and/or

(v) post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 439 of ITEPA).

(b) "ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.

(c) "SSCBA" means the Social Security Contributions and Benefits Act 1992.

6.3 This Election relates to the employer's secondary Class 1 National Insurance Contributions (the "***Employer's Liability***") which may arise on the occurrence of a Chargeable Event in respect of the Options pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

6.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

6.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

7. **The Election**

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

8. **Payment of the Employer's Liability**

8.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

(i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

(ii) directly from the Employee by payment in cash or cleared funds; and/or

(iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or

(iv) where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or

(v) through any other method as set forth in the applicable Option agreements entered into between the Employee and the Company.

8.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Options until full payment of the Employer's Liability is received.

8.3 The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

9. **Duration of Election**

9.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

9.2 This Election will continue in effect until the earliest of the following:

(i) the Employee and the Company agree in writing that it should cease to have effect;

(ii) on the date the Company serves written notice on the Employee terminating its effect;

(iii) on the date HMRC withdraws approval of this Election; or

(iv) after due payment of the Employer's Liability in respect of the entirety of the Options to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

<u>Acceptance by the Employee</u>

The Employee acknowledges that, by signing this Election, the Employee agrees to be bound by the terms of this Election.

Signature ______________________________

Name ______________________________

Date ______________________________

<u>Acceptance by the Company</u>

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on behalf of the Company ______________________________

Name ______________________________

Position ______________________________

Date ______________________________

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	[ServiceNow to insert]
Corporation Tax Reference:	[ServiceNow to insert]
PAYE Reference:	[ServiceNow to insert]

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK AWARD
GRANT NUMBER: __________

Unless otherwise defined herein, the terms defined in the Company's 2012 Equity Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Restricted Stock Award (the "***Notice***").

Name:

Address:

You ("***Participant***") have been granted an the opportunity to purchase Shares of Common Stock of ServiceNow, Inc. (the "***Company***") that are subject to restrictions (the "***Restricted Shares***") and the terms and conditions of the Plan, this Notice and the attached Restricted Stock Agreement (the "***Restricted Stock Purchase Agreement***").

Total Number of Restricted Shares Awarded:	
Fair Market Value per Restricted Share:	$
Total Fair Market Value of Award:	$
Purchase Price per Restricted Share:	$
Total Purchase Price for all Restricted Shares:	$
Date of Grant:	
Vesting Commencement Date:	
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Restricted Stock Purchase Agreement, the Restricted Shares will vest and the right of repurchase shall lapse, in whole or in part, in accordance with the following schedule:

By accepting (whether in writing, electronically or otherwise) the opportunity to purchase the Restricted Shares, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship with the Company is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Notice, the Restricted Stock Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the Restricted Shares pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company. Participant also understands that this Notice is subject to the terms and conditions of both the Restricted Stock Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Restricted Stock Agreement and the Plan. By acceptance of this opportunity to purchase the Restricted Shares, Participant consents to the electronic delivery of the Notice, the Restricted Stock Purchase Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Restricted Shares. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. If the Restricted Stock Purchase Agreement is not executed by Participant within thirty (30) days of the Date of Grant above, then this grant shall be void.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT (this "***Agreement***") is made by and between ServiceNow, Inc., a Delaware corporation (the "***Company***"), and Participant pursuant to the Company's 2012 Equity Incentive Plan (the "***Plan***"). Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Agreement.

1. Sale of Stock. Subject to the terms and conditions of this Agreement, on the Purchase Date (as defined below) the Company will issue and sell to Participant, and Participant agrees to purchase from the Company the number of Shares shown on the Notice of Restricted Stock Award (the "***Notice***") at the purchase price per Share set forth in the Notice. The per Share purchase price of the Shares shall be not less than the par value of the Shares as of the date of the offer of such Shares to the Participant. The term "Shares" refers to the purchased Shares and all securities received in replacement of or in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other properties to which Participant is entitled by reason of Participant's ownership of the Shares.

2. Time and Place of Purchase. The purchase and sale of the Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution of this Agreement by the parties, or on such other date as the Company and Participant shall agree (the "***Purchase Date***"). On the Purchase Date, the Company will issue a stock certificate registered in Participant's name, or uncertificated shares designated for the Participant in book entry form on the records of the Company's transfer agent, representing the Shares to be purchased by Participant against payment of the purchase price therefor by Participant by (a) check made payable to the Company, (b) cancellation of indebtedness of the Company to Participant, (c) Participant's personal services that the Committee has determined have already been rendered to the Company and have a value not less than aggregate par value of the Shares to be issued Participant, or (d) a combination of the foregoing.

3. Restrictions on Resale. By signing this Agreement, Participant agrees not to sell any Shares acquired pursuant to the Plan and this Agreement at a time when applicable laws, regulations or Company or underwriter trading policies prohibit exercise or sale. This restriction will apply as long as Participant is providing service to the Company or a Subsidiary of the Company.

3.1 Repurchase Right on Termination Other Than for Cause. For the purposes of this Agreement, a "***Repurchase Event***" shall mean an occurrence of one of the following:

(i) termination of Participant's service, whether voluntary or involuntary and with or without cause;

(ii) resignation, retirement or death of Participant; or

(iii) any attempted transfer by Participant of the Shares, or any interest therein, in violation of this Agreement.

Upon the occurrence of a Repurchase Event, the Company shall have the right (but not an obligation) to purchase the Shares of Participant at a price equal to the Purchase Price per Share (the "***Repurchase Right***"). The Repurchase Right shall lapse in accordance with the vesting schedule set forth in the Notice. For purposes of this Agreement, "***Unvested Shares***" means Stock pursuant to which the Company's Repurchase Right has not lapsed.

3.2 Exercise of Repurchase Right. Unless the Company provides written notice to Participant within 90 days from the date of termination of Participant's service to the Company that the Company does not intend to exercise its Repurchase Right with respect to some or all of the Unvested Shares, the Repurchase Right shall be deemed automatically exercised by the Company as of the 90th day following such termination, provided that the Company may notify Participant that it is exercising its Repurchase Right as of a date prior to such 90th day. Unless Participant is otherwise notified by the Company pursuant to the preceding sentence that the Company does not intend to exercise its Repurchase Right as to some or all of the Unvested Shares, execution of this Agreement by Participant constitutes written notice to Participant of the Company's intention to exercise its Repurchase Right with respect to all Unvested Shares to which such Repurchase Right applies at the time of Termination of Participant. The Company, at its choice, may satisfy its payment obligation to Participant with respect to exercise of the Repurchase Right by either (A) delivering a check to Participant in the amount of the purchase price for the Unvested Shares being repurchased, or (B) in the event Participant is indebted to the Company, canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, or (C) by a combination of (A) and (B) so that the combined payment and cancellation of indebtedness equals such purchase price. In the event of any deemed automatic exercise of the Repurchase Right by canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, such cancellation of indebtedness shall be deemed automatically to occur as of the 90th day following termination of Participant's employment or consulting relationship unless the Company otherwise satisfies its payment obligations. As a result of any repurchase of Unvested Shares pursuant to the Repurchase Right, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and shall have all rights and interest therein or related thereto, and the Company shall have the right to transfer to its own name the number of Unvested Shares being repurchased by the Company, without further action by Participant.

3.3 Acceptance of Restrictions. Acceptance of the Shares shall constitute Participant's agreement to such restrictions and the legending of his or her certificates or the notation in the Company's direct registration system for stock issuance and transfer of such restrictions and accompanying legends set forth in Section 4.1 with respect thereto. Notwithstanding such restrictions, however, so long as Participant is the holder of the Shares, or any portion thereof, he or she shall be entitled to receive all dividends declared on and to vote the Shares and to all other rights of a stockholder with respect thereto.

3.4 Non-Transferability of Unvested Shares. In addition to any other limitation on transfer created by applicable securities laws or any other agreement between the Company and Participant, Participant may not transfer any Unvested Shares, or any interest therein, unless consented to in writing by a duly authorized representative of the Company. Any purported transfer is void and of no effect, and no purported transferee thereof will be recognized as a holder of the Unvested Shares for any purpose whatsoever. Should such a transfer purport to occur, the Company may refuse to carry out the transfer on its books, set aside the transfer, or exercise any other legal or equitable remedy. In the event the Company consents to a transfer of Unvested Shares, all transferees of Shares or any interest therein will receive and hold such Shares or interest subject to the provisions of this Agreement, including, insofar as applicable, the Repurchase Right. In the event of any purchase by the Company hereunder where the Shares or interest are held by a transferee, the transferee shall be obligated, if requested by the Company, to transfer the Shares or interest to the Participant for consideration equal to the amount to be paid by the Company hereunder. In the event the Repurchase Right is deemed exercised by the Company, the Company may deem any transferee to have transferred the Shares or interest to Participant prior to their purchase by the Company, and payment of the purchase price by the Company to such transferee shall be deemed to satisfy Participant's obligation to pay such transferee for such Shares or interest, and also to satisfy the Company's obligation to pay Participant for such Shares or interest.

3.5 Assignment. The Repurchase Right may be assigned by the Company in whole or in part to any persons or organization.

4. Restrictive Legends and Stop Transfer Orders.

4.1 Legends. The certificate or certificates or book entry or book entries representing the Shares shall bear or be noted by the Company's transfer agent with the following legend (as well as any legends required by applicable state and federal corporate and securities laws):

> THE SHARES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

4.2 Stop-Transfer Notices. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

4.3 Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as the owner or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

5. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

6. Miscellaneous.

6.1 Acknowledgement. The Company and Participant agree that the Restricted Shares are granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Restricted Shares subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

6.2 Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

6.3 Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

6.4 Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

6.5 Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

6.6 Notices. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to the Participant shall be addressed to such Participant at the address maintained by the Company for such person or at such other address as the Participant may specify in writing to the Company.

6.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall he deemed an original and all of which together shall constitute one instrument.

6.8 U.S. Tax Consequences. Upon vesting of Shares, Participant will include in taxable income the difference between the fair market value of the vesting Shares, as determined on the date of their vesting, and the price paid for the Shares. This will be treated as ordinary income by Participant and will be subject to withholding by the Company when required by applicable law. In the absence of an Election (defined below), the Company shall withhold a number of vesting Shares with a fair market value (determined on the date of their vesting) equal to the minimum amount the Company is required to withhold for income and employment taxes. If Participant makes an Election, then Participant must, prior to making the Election, pay in cash (or check) to the Company an amount equal to the amount the Company is required to withhold for income and employment taxes.

7. Section 83(b) Election. Participant hereby acknowledges that he or she has been informed that, with respect to the purchase of the Shares, an election may be filed by the Participant with the Internal Revenue Service, within 30 days of the purchase of the Shares, electing pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the Shares and their Fair Market Value on the date of purchase (the "***Election***"). Making the Election will result in recognition of taxable income to the Participant on the date of purchase, measured by the excess, if any, of the Fair Market Value of the Shares over the purchase price for the Shares. Absent such an Election, taxable income will be measured and recognized by Participant at the time or times on which the Company's Repurchase Right lapses. Participant is strongly encouraged to seek the advice of his or her own tax consultants in connection with the purchase of the Shares and the advisability of filing of the Election. PARTICIPANT ACKNOWLEDGES THAT IT IS SOLELY PARTICIPANT'S RESPONSIBILITY, AND NOT THE COMPANY'S RESPONSIBILITY, TO TIMELY FILE THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF PARTICIPANT REQUESTS THE COMPANY, OR ITS REPRESENTATIVE, TO MAKE THIS FILING ON PARTICIPANT'S BEHALF.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF STOCK APPRECIATION RIGHT AWARD
GRANT NUMBER: __________

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Stock Appreciation Right Award (the "***Notice***").

Name: ______________________________

Address: ______________________________

You (the "***Participant***") have been granted an award of Stock Appreciation Rights ("***SARs***") of the Company under the Plan subject to the terms and conditions of the Plan, this Notice and the Stock Appreciation Right Award Agreement (the "***SAR Agreement***").

Grant Number:

Date of Grant:

Vesting Commencement Date:

Fair Market Value on Date of Grant:

Total Number of Shares:

Expiration Date:

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Stock Appreciation Right Agreement, the SAR will vest and may be exercised, in whole or in part, in accordance with the following schedule:

By accepting (whether in writing, electronically or otherwise) the SARs, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or service with the Company is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Notice, the SAR Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the SARs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company. Participant also understands that this Notice is subject to the terms and conditions of both the SAR Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the SAR Agreement and the Plan. By accepting the SARs, Participant consents to the electronic delivery as set forth in the SAR Agreement.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN

STOCK APPRECIATION RIGHT AWARD AGREEMENT

Unless otherwise defined in this Stock Appreciation Right Award Agreement (the "***Agreement***"), any capitalized terms used herein shall have the meaning ascribed to them in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***").

Participant has been granted Stock Appreciation Rights ("***SARs***"), subject to the terms and conditions of the Plan, the Notice of Stock Appreciation Right Award (the "***Notice***") and this Agreement.

1. Vesting Rights. Subject to the applicable provisions of the Plan and this Agreement, this SAR may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice.

2. Termination Period.

(a) General Rule. Except as provided below, and subject to the Plan, this SAR may be exercised for 90 days after Participant's Termination. In no event shall this SAR be exercised later than the Expiration Date set forth in the Notice.

(b) Death; Disability. Unless provided otherwise in the Notice, upon Participant's Termination by reason of his or her death, or if a Participant dies within 90 days of the Termination Date, this SAR may be exercised for twelve months, provided that in no event shall this SAR be exercised later than the Expiration Date set forth in the Notice. Unless provided otherwise in the Notice, upon Participant's Termination by reason of his or her Disability, this SAR may be exercised for six months, provided that in no event shall this SAR be exercised later than the Expiration Date set forth in the Notice.

(c) Cause. Upon Participant's Termination for Cause, the SAR shall expire on such date of Participant's Termination Date.

3. Grant of SAR. The Participant named in the Notice has been granted a SAR for the number of Shares set forth in the Notice at the fair market value set forth in the Notice. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

4. Exercise of SAR.

(a) Right to Exercise. This SAR is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Agreement. In the event of Participant's death, Disability, Termination for Cause or other Termination, the exercisability of the SAR is governed by the applicable provisions of the Plan, the Notice and this Agreement.

(b) Method of Exercise. This SAR is exercisable by delivery of an exercise notice (the "***Exercise Notice***"), which shall state the election to exercise the SAR, the number of SARS to be exercised (the "***Exercised SARs***"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. This SAR shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice.

(c) No Shares shall be issued pursuant to the exercise of this SAR unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the SAR is exercised with respect to such Exercised Shares.

5. Non-Transferability of SAR. This SAR may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by the Participant unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

6. Term of SAR. This SAR shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant.

7. U.S. Tax Consequences. Prior to exercise of the SAR, Participant shall pay or make adequate arrangements satisfactory to the Company to satisfy all withholding obligations of the Company. In this regard, Participant authorizes the Company to withhold all applicable withholding taxes legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company. With the Committee's consent, these arrangements may also include, if permissible under local law, (i) withholding Shares that otherwise would be issued to Participant when Participant exercises the SAR, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amount, (ii) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iii) any other arrangement approved by the Committee. Finally, Participant shall pay to the Company any amount of tax withholding that the Company may be required to withhold as a result of Participant's participation in the Plan or Participant's purchase of Shares that cannot be satisfied by the means previously described. The Fair Market Value of these Shares, determined as of the effective date of the SAR exercise, will be applied as a credit against the withholding taxes. The Company may refuse to honor the exercise and refuse to deliver the Shares if participant fails to comply with Participant's obligations in connection with the tax withholding as described in this Section.

8. Acknowledgement. The Company and Participant agree that the SAR is granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the SAR subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

9. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

10. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

11. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

12. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without cause.

By Participant's signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this SAR is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and the Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on the Notice. By acceptance of this SAR, Participant consents to the electronic delivery of the Notice, this SAR Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the SAR. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

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SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF GLOBAL RESTRICTED STOCK UNIT AWARD
GRANT NUMBER: ________

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Global Restricted Stock Unit Award (the "***Notice***").

Name:

Address:

You ("***Participant***") have been granted an award of Restricted Stock Units ("***RSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the Global Restricted Stock Unit Award Agreement, including any appendix to the Global Restricted Stock Unit Award Agreement for Participant's country (the "**Appendix**") (the Restricted Stock Unit Award Agreement and the Appendix are collectively referred to as the "***Agreement***").

Number of RSUs:

Date of Grant:

Vesting Commencement Date:

Expiration Date:	The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Agreement, the RSUs will vest in accordance with the following schedule:

[ServiceNow to insert vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or service with the Company or a Parent or Subsidiary of the Company is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or Parent or Subsidiary of the Company. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this RSU, Participant consents to the electronic delivery as set forth in the Agreement.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the "***Company***") 2012 Equity Incentive Plan (the "***Plan***") shall have the same defined meanings in this Global Restricted Stock Unit Award Agreement (the "***Agreement***").

Participant has been granted Restricted Stock Units ("***RSUs***") subject to the terms, restrictions and conditions of the Plan, the Notice of Global Restricted Stock Unit Award (the "***Notice***") and this Agreement, including any appendix to this Agreement for Participant's country (the "***Appendix***").

1. **Settlement.** Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Settlement of RSUs shall be in Shares.

2. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.

3. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. **Non-Transferability of RSUs.** RSUs may not be transferred in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. **Termination.** If Participant's service Terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. In case of any dispute as to whether Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.

6. **Withholding Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU, including, but not limited to, the grant, vesting or settlement of the RSU and the subsequent sale of Shares acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant’s wages or other cash compensation paid to Participant by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSU either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant’s behalf pursuant to this authorization); or

(iii) withholding in Shares to be issued upon settlement of the RSU, provided the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amounts; or

(iv) any other arrangement approved by the Committee.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSU, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant’s obligations in connection with the Tax-Related Items.

7. Nature of Grant. In accepting the grant, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSU is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at the sole discretion of the Company;

(d) the RSU grant and Participant’s participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company, the Employer or any Parent or Subsidiary of the Company;

(e) Participant is voluntarily participating in the Plan;

(f) the RSU and the Shares subject to the RSU are not intended to replace any pension rights or compensation;

(g) the RSU and the Shares subject to the RSU, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU resulting from Participant's Termination, and in consideration of the grant of the RSU to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, or any Parent or Subsidiary of the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSU and the benefits evidenced by this Agreement do not create any entitlement to have the RSU or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the shares of the Company; and

(k) the following provisions apply only if Participant is providing services outside the United States:

(i) the RSU and the Shares subject to the RSU are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSU or of any amounts due to Participant pursuant to the settlement of the RSU or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. *Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant RSUs or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. Language. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Appendix. Notwithstanding any provisions in this Agreement, the RSU grant shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSU and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement (including the Appendix) and the provisions of the Plan. Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement (including the Appendix), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations, with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer and with any exchange control restrictions.

16. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

17. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's service, for any reason, with or without Cause.

By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of this RSU, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

APPENDIX
SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Restricted Stock Units granted to Participant under the Plan if Participant resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2012. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant receives Shares or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Date of Grant, the information contained herein may not be applicable in the same manner to Participant. In addition, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

AUSTRALIA

Notifications

Securities Law Information. If Participant acquires Shares under the Plan upon the vesting of the RSUs and subsequently offers the Shares for sale to a person or entity resident in Australia, such an offer may be subject to disclosure requirements under Australian law, and Participant should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

CANADA

Terms and Conditions

Vesting/Termination. Participant's right to vest in the RSUs shall terminate effective as of the earlier of (a) the Termination Date or (b) the date upon which Participant receives a Notice of Termination.

The following provisions will apply if Participant is a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements section 9 of the Agreement:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Parent or Subsidiary of the Company and any stock plan service provider that may be selected by the Company to assist with the Plan to disclose and discuss the Plan with their respective advisors. Participant further authorizes the Company and any Parent or Subsidiary of the Company to record such information and to keep such information in Participant's employee file.

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed on the New York Stock Exchange.

DENMARK

Notifications

Exchange Control and Tax Reporting Information. Participant may hold Shares acquired under the Plan in a safety-deposit account (*e.g.*, a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the Shares are held with a non-Danish broker or bank, Participant is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, Participant must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at exercise and held in such account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Form V, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when Participant opens a deposit account or a brokerage account for the purpose of holding cash outside of Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, Participant must also file a Declaration K (*Erklaering K*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Participants annual income tax return. By signing the Declaration K, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the RSUs, Participant confirms having read and understood the documents relating to this grant (the Plan, the Agreement, the Notice and this Appendix) which were provided in English language. Participant accepts the terms of those documents accordingly.

Consentement pour recevoir les informations en langue anglaise
En acceptant l'attribution, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan, le Contrat, l'Avis et cette Annexe) qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Notifications

Exchange Control Notification. Participant may hold Shares acquired under the Plan outside of France provided that Participant declares all foreign accounts (including any accounts that were opened or closed during the tax year) on his or her annual income tax return. Furthermore, Participant must declare to the customs and excise authorities any cash or securities Participant imports or exports without the use of a financial institution when the value of the cash or securities exceeds a certain threshold which is set annually (€10,000 for 2012 for transfers outside the European Union).

Tax Information. Participant understands the RSUs are intended to be tax qualified Restricted Stock Units, although the Company does not represent or guarantee that Participant's Award will be taxed under the French-qualified tax regime.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of €12,500 in connection with the sale of securities must be reported monthly to the *Servicezentrum Außenwirtschaftsstatistik*, which is the competent federal office of the Deutsche Bundesbank (the German Central Bank) for such notifications in Germany. If Participant uses a German commercial bank to effectuate such cross-border payment, the bank will provide Participant with the required form.

ISRAEL

Terms and Conditions

The following provisions apply to Participants who are in Israel on the Date of Grant.

Trustee Arrangement. Participant hereby agrees that the RSUs, as shall be granted to him or her by the Company under the Israeli Subplan to the Plan, shall be allocated under the provisions of the track referred to as the "Capital Gains Track," according to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance and shall be held by the trustee (the "***Trustee***") for the periods stated in Section 102 (the "***Holding Period***").

Participant hereby declares that:

1. Participant understands the provisions of Section 102 and the applicable tax track of this grant of RSUs.

2. Subject to the provisions of Section 102, Participant hereby confirms that Participant shall not sell and/or transfer the RSUs, or any Shares or additional rights associated with the RSUs, before the end of the Holding Period. In the event that Participant elects to sell or release the Shares or additional rights, as the case may be, prior to the expiration of the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by Participant.

3. Participant understands that this grant of RSUs is conditioned upon the receipt of all required approvals from Israeli tax authorities.

4. Participant agrees to be bound by the provisions of the trust agreement with the Trustee.

5. Participant hereby confirms that he or she has: (i) read and understands this Agreement; (ii) received all the clarifications and explanations that he or she has requested; and (iii) had the opportunity to consult with his or her advisers before accepting this Agreement.

The following provisions apply to Participants who transfer into Israel after the Date of Grant.

Settlement. The following provision replaces section 1 of the Agreement.

Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Participant will be subject to an immediate forced sale restriction, pursuant to which all Shares acquired at vesting will be immediately sold and Participant will receive the sale proceeds less Tax-Related Items and applicable broker fees and commissions. Participant will not be entitled to hold any Shares acquired at vesting.

NETHERLANDS

Notifications

Securities Law Notification. Participant should be aware of the Dutch insider-trading rules, which may impact the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effectuating certain transactions if Participant has inside information about the Company.

By accepting the grant of the RSUs and participating in the Plan, Participant acknowledges having read and understood this Securities Law Notification and further acknowledges that it is Participant's responsibility to comply with the following Dutch insider trading rules.

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has "inside information" related to the Company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is knowledge of specific information concerning the company to which the securities relate that is not public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of the Company or a Subsidiary in the Netherlands who has inside information as described above.

Given the broad scope of the definition of inside information, certain Participants working at a Subsidiary in the Netherlands may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when Participant had such inside information.

If Participant is uncertain whether the insider-trading rules apply to him or her, Participant should consult his or her personal legal advisor.

UNITED KINGDOM

Terms and Conditions

The following terms and conditions apply only if Participant is an Employee. No grants under this Agreement shall be made to Consultants or Directors resident in the United Kingdom.

Responsibility for Taxes. The following provisions supplement section 6 of the Agreement:

Participant agrees that, if Participant does not pay or the Employer or the Company does not withhold from Participant the full amount of income tax that Participant owes at vesting, or the release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs (the "***Due Date***") within 90 days after the Due Date, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by Participant to the Employer, effective 90 days after the Due Date. Participant agrees that the loan will bear interest at the Her Majesty's Revenue and Customs ("***HMRC***") official rate and will be immediately due and repayable by Participant, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to Participant by the Company or Employer, by withholding in Shares issued at settlement or from the cash proceeds from the sale of Shares or by demanding cash or a cheque from Participant. Participant also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is an executive officer or director and income tax is not collected from or paid by Participant within 90 days of the Due Date, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and National Insurance Contributions ("***NICs***") (including Employer NICs, as defined below) may be payable. Participant acknowledges that the Company or the Employer may recover any such additional income tax and NICs (including Employer NICs, as defined below) at any time thereafter by any of the means referred to in section 6 of the Agreement, although Participant acknowledges that he or she ultimately will be responsible for reporting any income tax or NICs (including Employer NICs, as defined below) due on this additional benefit directly to the HMRC under the self-assessment regime.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the vesting of the RSUs, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the RSUs and any event giving rise to Tax-Related Items (the "***Employer NICs***"). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in section 6 of the Agreement.

If Participant does not enter into a Joint Election prior to the vesting of the RSUs or if approval of the Joint Election has been withdrawn by HMRC, the RSUs shall become null and void without any liability to the Company and/or the Employer.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
UNITED KINGDOM

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

A. The individual who has obtained authorised access to this Election (the "***Employee***"), who is employed by one of the employing companies listed in the attached schedule (the "***Employer***") and who is eligible to receive restricted stock units ("**RSUs**") pursuant to the 2012 Equity Incentive Plan (the "**Plan**"), and

B. ServiceNow, Inc., 102 S. Sierra Avenue, Solana Beach, CA 92075, U.S.A. (the "**Company**"), which may grant RSUs under the Plan and is entering into this Election on behalf of the Employer.

6. Introduction

6.1 This Election relates to all RSUs granted to the Employee under the Plan on or after [*insert the effective date of the Plan*] up to the termination date of the Plan.

6.2 In this Election the following words and phrases have the following meanings:

(a) "**Chargeable Event**" means, in relation to the RSUs:

(i) the acquisition of securities pursuant to restricted stock units (within section 477(3)(a) of ITEPA);

(ii) the assignment (if applicable) or release of the restricted stock units in return for consideration (within section 477(3)(b) of ITEPA);

(iii) the receipt of a benefit in connection with the restricted stock units, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

(iv) post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 427 of ITEPA); and/or

(v) post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 439 of ITEPA).

(b) "ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.

(c) "SSCBA" means the Social Security Contributions and Benefits Act 1992.

6.3 This Election relates to the employer's secondary Class 1 National Insurance Contributions (the "***Employer's Liability***") which may arise on the occurrence of a Chargeable Event in respect of the RSUs pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

6.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

6.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

7. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

8. Payment of the Employer's Liability

8.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

(i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

(ii) directly from the Employee by payment in cash or cleared funds; and/or

(iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the RSUs, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or

(iv) where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the RSUs, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or

(v) through any other method as set forth in the applicable RSU agreements entered into between the Employee and the Company.

8.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the RSUs until full payment of the Employer's Liability is received.

8.3 The Company agrees to remit the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

9. Duration of Election

9.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

9.2 This Election will continue in effect until the earliest of the following:

(i) the Employee and the Company agree in writing that it should cease to have effect;

(ii) on the date the Company serves written notice on the Employee terminating its effect;

(iii) on the date HMRC withdraws approval of this Election; or

(iv) after due payment of the Employer's Liability in respect of the entirety of the RSUs to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that, by signing this Election, the Employee agrees to be bound by the terms of this Election.

Signature ______________________________

Name ______________________________

Date ______________________________

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on
behalf of the Company ______________________________

Name ______________________________

Position ______________________________

Date ______________________________

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	[ServiceNow to insert]
Corporation Tax Reference:	[ServiceNow to insert]
PAYE Reference:	[ServiceNow to insert]

SERVICENOW, INC.
2012 EMPLOYEE STOCK PURCHASE PLAN

1. Establishment of Plan. ServiceNow, Inc. proposes to grant options to purchase shares of Common Stock to eligible employees of the Company and its Participating Corporations (as hereinafter defined) pursuant to this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. However, with regard to offers of options for purchase of the Common Stock under the Plan to employees outside the United States working for a Subsidiary or an affiliate of the Company that is not a Subsidiary, the Board may offer a subplan or an option that is not intended to meet the Code Section 423 requirements, provided, if necessary under Code Section 423, that the other terms and conditions of the Plan are met. Subject to Section 14, a total of five million (5,000,000) shares of Common Stock is reserved for issuance under this Plan. In addition, on each January 1 for the first ten (10) calendar years after the first Offering Date, the aggregate number of shares of Common Stock reserved for issuance under the Plan shall be increased automatically by the number of shares equal to one percent (1%) of the total number of outstanding shares of the Company Common Stock on the immediately preceding December 31 (rounded down to the nearest whole share); provided, that the Board or the Committee may in its sole discretion reduce the amount of the increase in any particular year; and, provided further, that the aggregate number of shares issued over the term of this Plan shall not exceed twenty-five million (25,000,000) shares of Common Stock. The number of shares reserved for issuance under this Plan and the maximum number of shares that may be issued under this Plan shall be subject to adjustments effected in accordance with Section 14 of this Plan. Capitalized terms not defined elsewhere in the text are defined in Section 27.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Corporations with a means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Corporations, and to provide an incentive for continued employment.

3. Administration. The Plan will be administered by the Compensation Committee of the Board or by the Board (either referred to herein as the "***Committee***"). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan shall be determined by the Committee and its decisions shall be final and binding upon all Participants. The Committee will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and decide upon any and all claims filed under the Plan. Every finding, decision and determination made by the Committee will, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding any provision to the contrary in this

Plan, the Committee may adopt rules and/or procedures relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States. The Committee will have the authority to determine the Fair Market Value of the Common Stock (which determination shall be final, binding and conclusive for all purposes) in accordance with Section 8 below and to interpret Section 8 of the Plan in connection with circumstances that impact the Fair Market Value. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company. For purposes of this Plan, the Committee may designate separate offerings under the Plan (the terms of which need not be identical) in which eligible employees of one or more Participating Corporations will participate, even if the dates of the applicable Offering Periods of each such offering are identical.

4. Eligibility. Any employee of the Company or the Participating Corporations is eligible to participate in an Offering Period under this Plan except the following (other than where prohibited by applicable law):

(a) employees who are not employed by the Company or a Participating Corporation prior to the beginning of such Offering Period or prior to such other time period as specified by the Committee;

(b) employees who are customarily employed for twenty (20) or less hours per week;

(c) employees who are customarily employed for five (5) months or less in a calendar year;

(d) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations;

(e) employees who do not meet any other eligibility requirements that the Committee may choose to impose (within the limits permitted by the Code); and

(f) individuals who provide services to the Company or any of its Participating Corporations as independent contractors who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

The foregoing notwithstanding, an individual shall not be eligible if his or her participation in the Plan is prohibited by the law of any country that has jurisdiction over him or her or if he or she is subject to a collective bargaining agreement that does not provide for participation in the Plan.

5. Offering Dates.

(a) While the Plan is in effect, the Committee shall determine the duration and commencement date of each Offering Period, provided that an Offering Period shall in no event be longer than twenty-seven (27) months, except as otherwise provided by an applicable subplan. Offering Periods may be consecutive or overlapping. Each Offering Period may consist of one or more Purchase Periods during which payroll deductions of Participants are accumulated under this Plan. While the Plan is in effect, the Committee shall determine the duration and commencement date of each Purchase Period, provided that a Purchase Period shall in no event end later than the close of the Offering Period in which it begins. Purchase Periods shall be consecutive.

(b) The initial Offering Period shall commence on the Effective Date, and shall end with the Purchase Date that occurs on a date selected by the Committee approximately six (6) months after the Effective Date (but in any event not more than twenty-seven (27) months after the Effective Date). The initial Offering Period shall consist of a single Purchase Period. Thereafter, a new six-month Offering Period shall commence on each February 1 and August 1, with each such Offering Period also consisting of a single six-month Purchase Period, except as otherwise provided by an applicable subplan. The Committee shall have the power to change these terms as provided in Section 25 below.

6. Participation in this Plan.

(a) Any employee who is an eligible employee determined in accordance with Section 4 immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under this Plan at a contribution level equal to fifteen percent (15%). Notwithstanding the foregoing, an eligible employee may elect to decrease the number of shares of Common Stock that such employee would otherwise be permitted to purchase for the initial Offering Period under the Plan by delivering a subscription agreement to the Company within thirty (30) days after the filing of an effective registration statement pursuant to Form S-8, or such longer time as may be determined by the Committee.

(b) With respect to Offering Periods after the initial Offering Period, an eligible employee determined in accordance with Section 4 may elect to become a Participant by submitting a subscription agreement prior to the commencement of the Offering Period to which such agreement relates in accordance with such rules as the Committee may determine.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in the Offering Period commencing immediately following the last day of such prior Offering Period at the same contribution level unless the Participant withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below. A Participant that is automatically enrolled in a subsequent Offering Period pursuant to this section is not required to file any additional subscription agreement in order to continue participation in this Plan.

7. Grant of Option on Enrollment. Becoming a Participant with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Participant of an option to purchase on the Purchase Date up to that number of shares of Common Stock determined by a fraction, the numerator of which is the amount of the contribution level for such Participant multiplied by such Participant's compensation during such Purchase Period and the denominator of which is the lower of (i) eighty-five percent (85%) of the Fair Market Value of a share of the Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the Fair Market Value of a share of the Common Stock on the Purchase Date (but in no event less than the par value of a share of the Common Stock) **provided, however**, that for the Purchase Period within the initial Offering Period the numerator shall be fifteen percent (15%) of the Participant's compensation for such Purchase Period, or such lower percentage as determined by the Committee prior to the Effective Date, and **provided, further**, that the number of shares of Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (x) the maximum number of shares set by the Committee pursuant to Section 10(b) below with respect to the applicable Purchase Date, or (y) the maximum number of shares which may be purchased pursuant to Section 10(a) below with respect to the applicable Purchase Date.

8. Purchase Price. The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

(a) The Fair Market Value on the Offering Date; or

(b) The Fair Market Value on the Purchase Date.

9. Payment of Purchase Price; Payroll Deduction Changes; Share Issuances.

(a) The purchase price of the shares is accumulated by regular payroll deductions made during each Offering Period, unless the Committee determines that contributions may be made in another form (including payment by check at the end of a Purchase Period). The deductions are made as a percentage of the Participant's compensation in one percent (1%) increments not less than one percent (1%), nor greater than fifteen percent (15%) or such lower limit set by the Committee. "***Compensation***" shall mean base salary (or in foreign jurisdictions, equivalent cash compensation) and bonuses and incentive compensation, not including commissions and shift differentials; however, the Committee may at any time prior to the beginning of an Offering Period determine that for that and future Offering Periods, Compensation shall mean all W-2 cash compensation, including without limitation base salary or regular hourly wages, bonuses, incentive compensation, commissions, overtime, shift premiums, plus draws against commissions (or in foreign jurisdictions, equivalent cash compensation). For purposes of determining a Participant's Compensation, any election by such Participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code (or in foreign jurisdictions, equivalent salary deductions) shall be treated as if the Participant did not make such election. Payroll deductions shall commence on the first payday following the last Purchase Date (first payday following the effective date of filing with the U.S. Securities and Exchange Commission a securities registration statement for the Plan with respect to the initial Offering Period) and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan. Notwithstanding the foregoing, the terms of any subplan may permit matching shares without the payment of any purchase price.

(b) Subject to Section 25 below and to the rules of the Committee, a Participant may make changes in the rate of payroll deductions during an Offering Period or any Purchase Period by filing with the Company a new authorization for payroll deductions.

(c) Subject to Section 25 below and to the rules of the Committee, a Participant may reduce his or her payroll deduction percentage to zero during an Offering Period by filing with the Company a request for cessation of payroll deductions, and after such reduction becomes effective no further payroll deductions will be made for the duration of the Offering Period. Payroll deductions credited to the Participant’s account prior to the effective date of the request shall be used to purchase shares of Common Stock in accordance with Section (e) below. A reduction of the payroll deduction percentage to zero shall be treated as such Participant’s withdrawal from such Offering Period, and the Plan, effective as of the day after the next Purchase Date following the filing date of such request with the Company.

(d) All payroll deductions made for a Participant are credited to his or her account under this Plan and are deposited with the general funds of the Company, except to the extent required to be segregated due to local legal restrictions outside the United States. No interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions, except to the extent necessary to comply with local legal requirements outside the United States.

(e) On each Purchase Date, so long as this Plan remains in effect and provided that the Participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the Participant wishes to withdraw from that Offering Period under this Plan and have all payroll deductions accumulated in the account maintained on behalf of the Participant as of that date returned to the Participant, the Company shall apply the funds then in the Participant’s account to the purchase of whole shares of Common Stock reserved under the option granted to such Participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of this Plan. Any amount remaining in a Participant’s account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock shall be carried forward into the next Purchase Period or Offering Period, as the case may be (except to the extent required due to local legal requirements outside the United States), as otherwise determined by the Committee. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the Participant, without interest (except to the extent required due to local legal requirements outside the United States). No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date.

(f) As promptly as practicable after the Purchase Date, the Company shall issue shares for the Participant’s benefit representing the shares purchased upon exercise of his or her option.

(g) During a Participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The Participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

(h) To the extent required by applicable federal, state, local or foreign law, a Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

10. Limitations on Shares to be Purchased.

(a) No Participant shall be entitled to purchase stock under any Offering Period at a rate which, when aggregated with such Participant's rights to purchase stock, that are also outstanding in the same calendar year(s) (whether under other Offering Periods or other employee stock purchase plans of the Company, its parent and its subsidiaries), exceeds $25,000 in Fair Market Value, determined as of the Offering Date, (or such other limit as may be imposed by the Code) for each calendar year in which such Offering Period is in effect (hereinafter the "Maximum Share Amount"). The Company may automatically suspend the payroll deductions of any Participant as necessary to enforce such limit provided that when the Company automatically resumes such payroll deductions, the Company must apply the rate in effect immediately prior to such suspension.

(b) The Committee may, in its sole discretion, set a lower maximum number of shares which may be purchased by any Participant during any Offering Period than that determined under Section 10(a) above, which shall then be the Maximum Share Amount for subsequent Offering Periods; provided, however, in no event shall a Participant be permitted to purchase more than one thousand five hundred (1,500) Shares during any one Purchase Period, irrespective of the Maximum Share Amount set forth in (a) and (b) hereof. If a new Maximum Share Amount is set, then all Participants will be notified of such Maximum Share Amount prior to the commencement of the next Offering Period for which it is to be effective. The Maximum Share Amount shall continue to apply with respect to all succeeding Offering Periods unless revised by the Committee as set forth above.

(c) If the number of shares to be purchased on a Purchase Date by all Participants exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company will give written notice of such reduction of the number of shares to be purchased under a Participant's option to each Participant affected.

(d) Any payroll deductions accumulated in a Participant's account which are not used to purchase stock due to the limitations in this Section 10, and not covered by Section 9(e), shall be returned to the Participant as soon as practicable after the end of the applicable Purchase Period, without interest (except to the extent required due to local legal requirements outside the United States).

11. Withdrawal.

(a) Each Participant may withdraw from an Offering Period under this Plan pursuant to a method specified by the Company. Such withdrawal may be elected at any time prior to the end of an Offering Period, or such other time period as specified by the Committee.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn Participant, without interest, and his or her interest in this Plan shall terminate. In the event a Participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth in Section 6 above for initial participation in this Plan.

(c) If the Fair Market Value on the first day of the current Offering Period in which a participant is enrolled is higher than the Fair Market Value on the first day of any subsequent Offering Period, the Company will automatically enroll such participant in the subsequent Offering Period. Any funds accumulated in a participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period, if any.

12. Termination of Employment. Termination of a Participant's employment for any reason, including retirement, death, disability, or the failure of a Participant to remain an eligible employee of the Company or of a Participating Corporation, immediately terminates his or her participation in this Plan. In such event, accumulated payroll deductions credited to the Participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest (except to the extent required due to local legal requirements outside the United States). For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Corporation in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.

13. Return of Payroll Deductions. In the event a Participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall deliver to the Participant all accumulated payroll deductions credited to such Participant's account. No interest shall accrue on the payroll deductions of a Participant in this Plan (except to the extent required due to local legal requirements outside the United States).

14. Capital Changes. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then the Committee shall adjust the number and class of Common Stock that may be delivered under the Plan, the purchase price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 1 and 10 shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

15. Nonassignability. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 below) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

16. Use of Participant Funds and Reports. The Company may use all payroll deductions received or held by it under the Plan for any corporate purpose, and the Company will not be required to segregate Participant payroll deductions (except to the extent required due to local legal requirements outside the United States). Until Shares are issued, Participants will only have the rights of an unsecured creditor. Each Participant shall receive promptly after the end of each Purchase Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward or refunded, as determined by the Committee, to the next Purchase Period or Offering Period, as the case may be.

17. Notice of Disposition. Each U.S. taxpayer Participant shall notify the Company in writing if the Participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the "***Notice Period***"). The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the Participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

18. No Rights to Continued Employment. Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Corporation, or restrict the right of the Company or any Participating Corporation to terminate such employee's employment.

19. Equal Rights And Privileges. All eligible employees granted an option under this Plan that is intended to meet the Code Section 423 requirements shall have equal rights and privileges with respect to this Plan or within any separate offering under the Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company, the Committee or the Board, be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.

20. Notices. All notices or other communications by a Participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Term; Stockholder Approval. This Plan will become effective on the Effective Date. This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares that are subject to such stockholder approval before becoming available under this Plan shall occur prior to stockholder approval of such shares and the Board or Committee may delay any Purchase Date and postpone the commencement of any Offering Period subsequent to such Purchase Date as deemed necessary or desirable to obtain such approval (provided that if a Purchase Date would occur more than twenty-four (24) months after commencement of the Offering Period to which it relates, then such Purchase Date shall not occur and instead such Offering Period shall terminate without the purchase of such shares and Participants in such Offering Period shall be refunded their contributions without interest). This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time pursuant to Section 25 below), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) the tenth anniversary of the first Purchase Date under the Plan.

22. Designation of Beneficiary.

(a) If provided in the subscription agreement, a Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under this Plan in the event of such Participant's death subsequent to the end of a Purchase Period but prior to delivery to him of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under this Plan in the event of such Participant's death prior to a Purchase Date. Such form shall be valid only if it was filed with the Company at the prescribed location before the Participant's death.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice filed with the Company at the prescribed location before the Participant's death. In the event of the death of a Participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such Participant's death, the Company shall deliver such cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or, if no spouse is known to the Company, then to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, exchange control restrictions and/or securities law restrictions outside the United States, and shall be further subject to the approval of counsel for the Company with respect to such compliance. Shares may be held in trust or subject to further restrictions as permitted by any subplan.

24. Applicable Law. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of Delaware.

25. Amendment or Termination. The Committee, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Committee, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Purchase Date (which may be sooner than originally scheduled, if determined by the Committee in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 14). If an Offering Period is terminated prior to its previously-scheduled expiration, all amounts then credited to Participants' accounts for such Offering Period, which have not been used to purchase shares of Common Stock, shall be returned to those Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable. Further, the Committee will be entitled to establish rules to change the Purchase Periods and Offering Periods, limit the frequency and/or number of changes in the amount withheld during a Purchase Period or an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the administration of the Plan, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's base salary or regular hourly wages, and establish such other limitations or procedures as the Committee determines in its sole discretion advisable which are consistent with the Plan. Such actions will not require stockholder approval or the consent of any Participants. However, no amendment shall be made without approval of the stockholders of the Company (obtained in accordance with Section 21 above) within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would: (a) increase the number of shares that may be issued under this Plan; or (b) change the designation of the employees (or class of employees) eligible for participation in this Plan. In addition, in the event the Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Committee may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequences including, but not limited to: (i) amending the definition of compensation, including with respect to an Offering Period underway at the time; (ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price; (iii) shortening any Offering Period by setting a Purchase Date, including an Offering Period underway at the time of the Committee action; (iv) reducing the maximum percentage of compensation a participant may elect to set aside as payroll deductions; and (v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period. Such modifications or amendments will not require approval of the stockholders of the Company or the consent of any Participants.

26. Corporate Transactions. In the event of a Corporate Transaction (as defined below), each outstanding right to purchase Company Common Stock will be assumed or an equivalent option substituted by the successor corporation or a parent or a subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the purchase right, the Offering Period with respect to which such purchase right relates will be shortened by setting a new Purchase Date (the "***New Purchase Date***") and will end on the New Purchase Date. The New Purchase Date shall occur on or prior to the consummation of the Corporate Transaction, and the Plan shall terminate on the consummation of the Corporate Transaction.

27. Definitions.

(a) "***Board***" shall mean the Board of Directors of the Company.

(b) "***Code***" shall mean the Internal Revenue Code of 1986, as amended.

(c) "***Common Stock***" shall mean the common stock of the Company.

(d) "***Company***" shall mean ServiceNow, Inc., a Delaware corporation.

(e) "***Corporate Transaction***" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(f) "***Effective Date***" shall mean the date on which the Registration Statement covering the initial public offering of the shares of Common Stock is declared effective by the U.S. Securities and Exchange Commission.

(g) ***"Exchange Act"*** shall mean the Securities Exchange Act of 1934, as amended.

(h) "***Fair Market Value***" shall mean, as of any date, the value of a share of Common Stock determined as follows:

(i) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street* Journal or such other source as the Committee deems reliable; or

(ii) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(iii) if such Common Stock is publicly traded but is neither quoted on the Nasdaq Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable; or

(iv) with respect to the initial Offering Period, Fair Market Value on the Offering Date shall be the price at which shares of Common Stock are offered to the public by the Company's underwriters pursuant to the Registration Statement covering the initial public offering of shares of Common Stock; and

(v) if none of the foregoing is applicable, by the Board or the Committee in good faith.

(i) "***IPO***" shall mean the initial public offering of Common Stock.

(j) "***Offering Date***" shall mean the first business day of each Offering Period. However, for the initial Offering Period the Offering Date shall be the Effective Date.

(k) "***Offering Period***" shall mean a period with respect to which the right to purchase Common Stock may be granted under the Plan, as determined by the Committee pursuant to Section 5(a).

(l) "***Parent***" shall have the same meaning as "parent corporation" in Sections 424(e) and 424(f) of the Code.

(m) "***Participant***" shall mean an eligible employee who meets the eligibility requirements set forth in Section 4 and who is either automatically enrolled in the initial Offering Period or who elects to participate in this Plan pursuant to Section 6(b).

(n) "***Participating Corporation***" shall mean any Parents or Subsidiary that the Board designates from time to time as a corporation that shall participate in this Plan.

(o) "***Plan***" shall mean this ServiceNow, Inc. 2012 Employee Stock Purchase Plan.

(p) "***Purchase Date***" shall mean the last business day of each Purchase Period.

(q) "***Purchase Period***" shall mean a period during which contributions may be made toward the purchase of Common Stock under the Plan, as determined by the Committee pursuant to Section 5(b).

(r) "***Purchase Price***" shall mean the price at which Participants may purchase shares of Common Stock under the Plan, as determined pursuant to Section 8.

(s) "***Subsidiary***" shall have the same meaning as "subsidiary corporation" in Sections 424(e) and 424(f) of the Code.

SERVICENOW, INC. (THE "COMPANY") **ENROLLMENT/CHANGE FORM**

2012 EMPLOYEE STOCK PURCHASE PLAN ("ESPP")

(Capitalized terms not defined in this form shall have the meaning set forth in the ESPP.)

<table>
<tr><td>SECTION 1:
ACTIONS</td><td colspan="2">CHECK DESIRED ACTION:
☐ Enroll in the ESPP
☐ Change Contribution Percentage
☐ Discontinue Contributions</td><td>AND COMPLETE SECTIONS:
2 + 3 + 4 + 18
2 + 4 + 18
2 + 5 + 18</td></tr>
<tr><td>SECTION 2:
PERSONAL DATA</td><td colspan="2">Name: ________________________________
Home Address: ________________________________
____
Social Security / Identification No.: ____________________</td><td>Department:
____________</td></tr>
<tr><td>SECTION 3:
ENROLL</td><td colspan="3">I hereby elect to participate in the ESPP, effective at the beginning of the next Offering Period. I elect to purchase shares of the Common Stock of the Company subject to the terms and conditions of the ESPP and this Enrollment/Change Form, including any applicable country-specific provisions in the Appendix attached hereto (together, the "Enrollment/Change Form"). I understand that shares of Common Stock purchased on my behalf will be issued in street name and deposited directly into my brokerage account with Fidelity Brokerage Services LLC or its affiliates. I hereby agree to take all steps, and sign all forms, required to establish an account with Fidelity Brokerage Services LLC or its affiliates for this purpose.

My participation will continue as long as I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company. If I transfer from the Company to a Participating Corporation or visa-versa or between Participating Corporations, my contributions as of the date of transfer will be used to purchase shares on the next Purchase Date unless I choose to have such funds refunded to me. I understand that I cannot resume participation following my transfer until the start of the next Offering Period and must timely file a new enrollment form to do so. I understand that if I am a U.S. taxpayer, I must notify the Company of any disposition of shares of Common Stock purchased under the ESPP.</td></tr>
<tr><td>SECTION 4:
ELECT CONTRIBUTION PERCENTAGE</td><td colspan="3">I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period __% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company's Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. The percentage must be a whole number (from 1%, up to a maximum of 15%).

Please ☐-increase ☐-decrease my contribution percentage.

Note: You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. <u>An increase in your contribution percentage can only take effect with the next Offering Period</u>. Each change will become effective as soon as reasonably practicable after the form is received by the Company.</td></tr>
</table>

SECTION 5: **DISCONTINUE CONTRIBUTIONS**	☐ I hereby elect to <u>stop my contributions under the ESPP</u>, effective as soon as reasonably practicable after this form is received by the Company. Please ☐- refund all contributions to me in cash, without interest OR ☐- use my contributions to purchase shares on the next Purchase Date. **I understand that I cannot resume participation until the start of the next Offering Period and must timely file a new enrollment form to do so.**
SECTION 6: **RESPONSIBILITY FOR TAXES**	I acknowledge that, regardless of any action taken by the Company or, if different, my employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to my participation in the ESPP and legally applicable to me ("Tax-Related Items") is and remains my responsibility and may exceed any amount actually withheld by the Company or the Employer. If I am subject to Tax-Related Items in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, I acknowledge that Tax-Related Items may be owed by me in more than one jurisdiction and the Company or the Employer may be required to withhold in multiple jurisdictions. I agree to make adequate arrangements to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer to satisfy any withholding obligations with regard to all Tax-Related Items by withholding from my wages or other cash compensation payable to me by the Company and/or the Employer. If the obligations for Tax-Related Items cannot be satisfied by withholding from my wages or other cash compensation as contemplated herein, then I authorize the Company and/or the Employer or their respective agents to satisfy any obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of shares of Common Stock acquired upon exercise of the option, either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization without further consent). Finally, I agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP that cannot be satisfied by the means previously described. The Company may refuse to purchase or deliver the shares or the proceeds of the sale of shares of Common Stock, if I fail to comply with my obligations in connection with the Tax-Related Items.
SECTION 7: **NATURE OF GRANT**	By enrolling and participating in the ESPP, I acknowledge, understand and agree that: (a) the ESPP is established voluntarily by the Company and it is discretionary in nature; (b) the grant of the option is voluntary and does not create any contractual or other right to receive future options to purchase shares of Common Stock, or benefits in lieu of options, even if options have been granted in the past; (c) all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company; (d) the grant of the option and my participation in the ESPP shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Subsidiary and shall not interfere with the ability of the Company, the Employer or any Subsidiary to terminate my employment relationship (if any); (e) I am voluntarily participating in the ESPP; (f) the ESPP and the shares of Common Stock purchased under the ESPP are not intended to replace any pension rights or compensation; (g) the ESPP and the shares of Common Stock subject to the ESPP and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; (h) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be

	predicted with certainty and the value of the shares of Common Stock purchased under the ESPP may increase or decrease in the future, even below the purchase price; (i) no claim or entitlement to compensation or damages shall arise when I withdraw from the ESPP due to my termination of employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any) and in consideration of the grant of the option and the issuance of shares of Common Stock under the ESPP to which I am otherwise not entitled, I irrevocably agree never to institute any claim against the Company, its Subsidiaries or the Employer, waive my ability, if any, to bring any such claim, and release the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the ESPP, I shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; (j) in the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in Section 12 of the ESPP, my right to participate in the ESPP will terminate effective as of the date I cease to actively provide services and will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any); the Committee shall have exclusive discretion to determine when I am no longer actively employed for purposes of my option; and (k) unless otherwise provided in the ESPP or by the Company in its discretion, the option to purchase shares of Common Stock and the benefits evidenced by this Agreement do not create any entitlement to have the ESPP or any such benefits granted thereunder, transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and (l) the following provisions apply only if I am providing services outside the United States: (A) the ESPP and the shares of Common Stock subject to the ESPP are not part of normal or expected compensation or salary for any purpose; (B) I acknowledge and agree that neither the Company, the Employer nor any Subsidiary, shall be liable for any foreign exchange rate fluctuation between my local currency and the U.S. dollar that may affect the value of the shares of Common Stock or any amounts due pursuant to the purchase of the shares or the subsequent sale of any shares of Common Stock purchased under the ESPP.
SECTION 8: **NO ADVICE REGARDING GRANT**	The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP, or my acquisition or sale of the underlying shares of Common Stock. I am hereby advised to consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP.
SECTION 9: **DATA PRIVACY**	***I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Agreement and any other ESPP participation materials (“Data”) by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing my participation in the ESPP.*** ***I understand that the Company and the Employer may hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other***

	identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options under the ESPP or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested, or outstanding in my favor, for the exclusive purpose of implementing, administering and managing the ESPP. ***I understand that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company, with the implementation, administration and management of the ESPP. I understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than my country. I understand that if I reside outside the United States, I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company, (presently or in the future) with implementing, administering and managing the ESPP to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand that if I reside outside the United States I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing my consent is that the Company would not be able to grant me the option to purchase shares of Common Stock under the ESPP or other equity awards or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.***
SECTION 10: **LANGUAGE**	If I have received this Enrollment/Change Form or any other document related to the ESPP translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
SECTION 11: **ELECTRONIC DELIVERY AND ACCEPTANCE.**	The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
SECTION 13: **SEVERABILITY**	The provisions of this Enrollment/Change Form are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

SECTION 14: **APPENDIX**	Notwithstanding any provisions in this Enrollment/Change Form, the right to participate in the ESPP shall be subject to any special terms and conditions set forth in any Appendix to this Enrollment/Change Form for my country. Moreover, if I relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Enrollment/Change Form.
SECTION 15: **IMPOSITION OF OTHER REQUIREMENTS**	The Company, at its option, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. In addition, the Company reserves the right to impose other requirements on my participation in the ESPP, on any shares of Common Stock purchased under the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
SECTION 16: **GOVERNING LAW**	The interpretation, performance and enforcement of this Enrollment/Change Form shall be governed by the laws of the State of Delaware without resort to that State's conflict-of-laws rules. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Enrollment/Change Form, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.
SECTION 17: **WAIVER**	I acknowledge that a waiver by the Company of breach of any provision of this Enrollment/Change Form shall not operate or be construed as a waiver of any other provision of this Enrollment/Change Form or of any subsequent breach by me or any other Participant.
SECTION 18: **ACKNOWLEDGMENT AND SIGNATURE**	I acknowledge that I have received a copy of the ESPP and of the Prospectus (which summarizes the major features of the ESPP). I have read the Prospectus and my signature below (or my clicking on the Accept box if this is an electronic form) indicates that I hereby agree to be bound by the terms of the ESPP and this Enrollment/Change Form. Signature: ______________________ Date: ______________

APPENDIX

SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN
COUNTRY SPECIFIC PROVISIONS FOR NON-U.S. EMPLOYEES

I understand that this Appendix includes special terms and conditions applicable to me if I reside in one of the countries below. Unless otherwise stated, these terms and conditions are in addition to those set forth in the Enrollment/Change Form. Any capitalized term used in this Appendix without definition shall have the meaning ascribed to it in the Enrollment/Change Form or the ESPP, as applicable.

I further understand that this Appendix also includes information relating to exchange control and other issues of which I should be aware with respect to my participation in the ESPP. The information is based on the laws in effect in the respective countries as of May 2012. Such laws are often complex and change frequently. As a result, I understand that the Company strongly recommends that I not rely on the information herein as the only source of information relating to the consequences of my participation in the ESPP because the information may be out of date at the time that I purchase shares of Common Stock or sell shares of Common Stock purchased under the ESPP.

Finally, I understand that if I am a citizen or resident of a country other than the one in which I am currently working, transfer employment after enrolling in the ESPP, or am considered a resident of another country for local law purposes, the information contained herein may not apply to me, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply.

AUSTRALIA

<u>Securities Law Notification</u>.

I understand that if I acquire shares of Common Stock under the ESPP and offer shares of Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. I understand that I should obtain legal advice on my disclosure obligations prior to making any such offer.

CANADA

<u>Termination of Service</u>.

This provision replaces Section 7(j) of the Enrollment/Change Form:

In the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in Section 12 of the ESPP, my right to participate in the ESPP, if any, will terminate effective as of the earlier of (i) the date upon which I cease to provide services, or (ii) the date upon which I receive a notice of termination of employment and will not be extended by any notice period under Canadian provincial laws (including, but not limited to, statutory law, regulatory law and/or common law); the Committee shall have exclusive discretion to determine when I am no longer actively employed for purposes of my option.

<u>Securities Law Notification</u>.

I understand that I am permitted to sell shares of Common Stock purchased under the ESPP through the designated broker appointed under the ESPP, provided the resale of shares of Common Stock takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The shares are currently listed on New York Stock Exchange.

THE FOLLOWING PROVISIONS WILL APPLY IF I AM A RESIDENT OF QUEBEC:

Language Consent.

The parties acknowledge that it is their express wish that the Enrollment/Change Form, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la convention.

Data Privacy.

This provision supplements Section 9 of the Enrollment/Change Form:

I hereby authorize the Company, its Subsidiaries and any Company representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the ESPP. I further authorize the Company, its Subsidiaries and the administrators of the ESPP to disclose and discuss the ESPP with their advisors. I further authorize the Company and its Subsidiaries to record such information and to keep such information in my employee file.

DENMARK

Exchange Control and Tax Reporting Notification and Agreement.

I understand that I may hold shares acquired under the ESPP in a safety-deposit account (*e.g.*, a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the shares are held with a non-Danish broker or bank, I am required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, I must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. The bank/broker and I must sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, I acknowledge that I am solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at exercise and held in such account to the Danish Tax Administration as part of my annual income tax return. By signing the Form V, I at the same time authorize the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when I open a deposit account or a brokerage account for the purpose of holding cash outside of Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, I must also file a Declaration K (*Erklaering K*) with the Danish Tax Administration. The bank/broker and I must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, I acknowledge that I am solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of my annual income tax return. By signing the Declaration K, I at the same time authorize the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

FRANCE

FRENCH TRANSLATIONS OF PROVISIONS CONCERNING AUTHORIZATION TO PARTICIPATE IN ESPP

Participation in the ESPP (Section 6 of the ESPP).

(a) Any employee who is an eligible employee determined in accordance with Section 4 of the ESPP immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under the ESPP. With respect to subsequent Offering Periods, any eligible employee determined in accordance with Section 4 of the ESPP will be eligible to participate in the ESPP, subject to the requirement of Section (b) hereof and the other terms and provisions of the ESPP.

(b) Notwithstanding the foregoing, (i) an eligible employee may elect to decrease the number of shares of Common Stock that such employee would otherwise be permitted to purchase for the initial Offering Period under the ESPP and/or purchase shares of Common Stock for the initial Offering Period through payroll deductions by delivering a Enrollment/Change Form to the Company within thirty (30) days after the filing of an effective registration statement pursuant to Form S-8 and (ii) the Committee may set a later time for filing the Enrollment/Change Form authorizing payroll deductions for all eligible employees with respect to a given Offering Period. With respect to Offering Periods after the initial Offering Period, a Participant may elect to participate in the ESPP by submitting an Enrollment/Change Form prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in the Offering Period commencing immediately following the last day of such prior Offering Period unless the Participant withdraws or is deemed to withdraw from the ESPP or terminates further participation in the Offering Period as set forth in Section 11 of the ESPP. Such Participant is not required to file any additional Enrollment / Change Form in order to continue participation in the ESPP.

Participation dans l'ESPP (Section 6 du ESPP).

(a) Tout salarié qui est un salarié éligible conformément à la Section 4 de l'ESPP immédiatement avant la Période initiale d'Offre participera automatiquement à la Période intiale d'Offre de l'ESPP. Concernant les Périodes d'Offres suivantes, tout salarié éligible conformément à la Section 4 de l'ESPP sera éligible pour participer à l'ESPP, à la condition de respecter les conditions énoncées Section (b) des présentes et tous les autres termes et conditions de l'ESPP.

(b) Nonobstant ce qui précède, (i) un salarié éligible peut choisir de diminuer le nombre d'Actions Ordinaires dont il aurait pu être autorisé à faire l'acquisition au titre de la Période initiale d'Offre de l'ESPP, et/ou d'acquérir des Actions Ordinaires au titre de la Période initiale d'Offre par prélèvement sur son salaire par la remise d'un Formulaire de Participation/Modification à la Société dans les trente (30) jours suivant le dépôt d'une déclaration d'enregistrement conformément au Formulaire S-8, et, (ii) le Comité peut

décider, concernant une Période d'Offre donnée, que le dépôt du Formulaire de Participation/Modification, autorisant le prélèvement sur salaire de tout salarié éligible, peut être repoussé. Concernant les Périodes d'Offres qui suivent la Période initiale d'Offre, un Participant peut choisir de participer à l'ESPP par le dépôt d'un Formulaire de Participation/Modification avant le début de la Période d'Offre concernée (ou toute date antérieure décidée par le Comité).

(c) Dès lors qu'un salarié devient un Participant pour une Période d'Offre, alors ledit Participant participera automatiquement à la Période d'Offre commençant immédiament après le dernier jour de la Période d'Offre antérieure à moins que le Participant se retire, ou soit considéré comme se retirant de l'ESPP, ou cesse sa participation à la Période d'Offre tel que cela est prévu à la Section 11 de l'ESPP. Ledit Participant n'a pas à déposer de Formulaire pour continuer à participer à l'ESPP.

<u>Payroll Deduction Authorization (Section 4 of the Enrollment/Change Form).</u>

I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period __% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company's Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. **The percentage must be a whole number (from 1%, up to a maximum of 15%).**

Please ☐-increase ☐-decrease my contribution percentage.

Note: You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. <u>An increase in your contribution percentage can only take effect with the next Offering Period</u>. Each change will become effective as soon as reasonably practicable after the form is received by the Company.

<u>Autorisation du Prélèvement sur Salaire (Section 4 du Formulaire de Participation/Modification).</u>

Par les présentes, j'autorise la Société à prélever sur chacun de mes salaires le montant nécessaire afin d'égaler, à la fin de ladite Période d'Offre, __% de ma Rémunération (telle que définie dans l'ESPP) payée pendant ladite Période d'Offre et ce, aussi longtemps que je continuerais à participer à l'ESPP. Ce montant servira à l'acquisition d'Actions Ordinaires de la Société conformément à l'ESPP. Si je suis payé dans une devise autre que le dollar U.S., mes contributions devront être converties en dollars U.S. avant l'acquisition des Actions Ordinaires. Le pourcentage doit être un chiffre entier (de 1% à un maximum de 15%).

Veuillez -augmenter- diminuer mon pourcentage de contribution.

Remarque : Vous pouvez modifier le pourcentage de votre contribution seulement une fois lors d'une Période d'Acquisition pour que cette modification soit effective lors de cette même Période d'Acquisition, et cette modification ne peut que diminuer votre pourcentage de contribution. Une augmentation de votre pourcentage de contribution ne peut prendre effet que lors de la Période d'Offre suivante. Toute modification deviendra effective aussitôt que cela sera raisonnablement pratiquement possible après réception du formulaire par la Société.

Language Consent.

By signing and returning or by otherwise accepting the Enrollment/Change Form, I confirm having read and understood the documents relating to the ESPP (the ESPP, the Enrollment/Change Form and this Appendix) which were provided to me in the English language, except for the payroll authorization set forth in French above. I accept the terms of those documents accordingly.

Consentement relatif à la Langue utilisée.

En signant et en renvoyant le présent Formulaire de Participation/Modification ou en l'approuvant d'une quelconque manière, je confirme avoir lu et compris les documents relatifs à cette attribution de droits d'achat d'actions qui m'ont été remis en langue anglaise hormis l'autorisation du prélèvement sur salaire tel que stipulé en français ci-dessus (l'ESPP, le Formulaire de Participation/Modification ainsi que la présente Annexe). J'accepte les conditions afférentes à ces documents en connaissance de cause.

Exchange Control Notification.

I acknowledge and understand that I may hold shares of Common Stock acquired under the ESPP outside of France provided that I declare all foreign accounts, whether open, current, or closed in my income tax return.

GERMANY

Exchange Control Notification.

Cross-border payments in excess of €12,500 must be reported monthly to the State Central Bank. I am responsible for obtaining the appropriate form from the bank and complying with the applicable reporting obligations.

ISRAEL

Immediate Sale Restriction.

Notwithstanding anything to the contrary in the ESPP or Enrollment/Change Form, due to tax requirements in Israel, I agree that any shares of Common Stock purchased on my behalf under the ESPP will be immediately sold upon exercise of the option. I further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of the shares of Common Stock (on my behalf pursuant to this authorization) and I expressly authorize such broker to complete the sale of such shares. I acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale, less any brokerage fees or commissions, to me provided any liability for Tax-Related Items resulting from the exercise of the option has been satisfied. Due to fluctuations in the share price and/or the U.S. dollar exchange rate between the purchase date and (if later) the date on which the shares are sold, the sale proceeds may be more or less than the market value of the shares on the purchase date (which is the amount relevant to determining my tax liability). I understand and agree that the Company is not responsible for the amount of any loss I may incur and that the Company assumes no liability for any fluctuations in the share price and/or U.S. dollar exchange rate.

NETHERLANDS

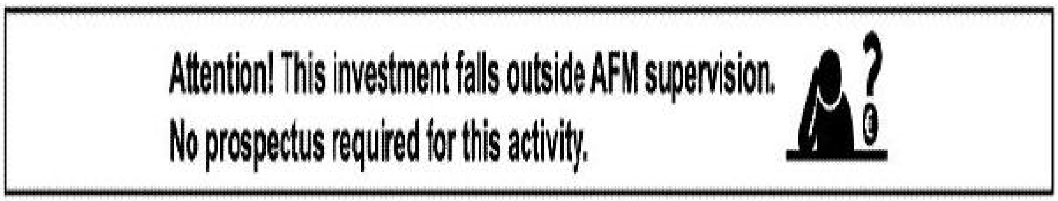
Securities Law Notification

I should be aware of Dutch insider trading rules which may impact the sale of shares of Common Stock purchased under the ESPP. In particular, I may be prohibited from effecting certain Share transactions if I have insider information regarding the Company.

It is my responsibility to comply with the following Dutch insider trading rules:

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has “inside information” related to an issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. “Inside information” is defined as knowledge of specific information concerning the issuing company to which the securities relate or the trade in securities issued by such company, which has not been made public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of the Company or a Subsidiary or affiliate in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees working at the Company or a Subsidiary or affiliate in the Netherlands (including a Participant in the ESPP) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when the Participant had such inside information.



SWITZERLAND

Securities Law Notification.

The offer to participate in the ESPP is considered a private offering in Switzerland and is therefore not subject to registration in Switzerland.

UNITED KINGDOM

Responsibility for Taxes.

The following provisions supplement section 6 of the Enrollment/Change Form:

I agree that, if I do not pay or the Employer or the Company does not withhold from me the full amount of income tax that I owe at exercise of the option/purchase of shares, or the release or assignment of the option for consideration, or the receipt of any other benefit in connection with the option (the “Due Date”) within 90 days after the Due Date, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by me to the Employer, effective 90 days after the Due Date. I agree that the loan will bear interest at Her Majesty’s Revenue and Customs (“HMRC”) official rate and will be immediately due and repayable by me, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to me by the Employer, by withholding from the cash proceeds from the sale of shares of Common Stock or by demanding cash or a cheque from me. I also authorize the Company to delay the issuance of any shares of Common Stock unless and until the loan is repaid in full.

Notwithstanding the foregoing, if I am an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that I am an executive officer or director and income tax is not collected from or paid by me within 90 days of the Due Date, the amount of any uncollected income tax may constitute a benefit to me on which additional income tax and National Insurance Contributions ("NICs") (including Employer NICs, as defined below) may be payable. I acknowledge that the Company or the Employer may recover any such additional income tax and NICs (including Employer NICs, as defined below) at any time thereafter by any of the means referred to in section 6 of the Enrollment/Change Form, although I acknowledge that I ultimately will be responsible for reporting any income tax or NICs (including Employer NICs, as defined below) due on this additional benefit directly to the HMRC under the self-assessment regime.

National Insurance Contributions Acknowledgment.

As a condition of participation in the ESPP and the purchase of shares of Common Stock, I agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the option/purchase of shares and any event giving rise to Tax-Related Items (the "Employer NICs"). Without limitation to the foregoing, I agree to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the "Joint Election"), and any other required consent or election. I further agree to execute such other joint elections as may be required between me and any successor to the Company and/or the Employer. I further agree that the Company and/or the Employer may collect the Employer NICs from me by any of the means set forth in section 6 of the Enrollment/Change Form.

If I do not enter into a Joint Election prior to purchasing shares or if approval of the Joint Election has been withdrawn by HMRC, the option shall become null and void without any liability to the Company and/or the Employer and I may not purchase shares under the ESPP.

SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

A. The individual who has obtained authorised access to this Election (the "***Employee***"), who is employed by one of the employing companies listed in the attached schedule (the "***Employer***") and who is eligible to participate in the Employee Stock Purchase Plan pursuant to the 2012 Employee Stock Purchase Plan (the "***ESPP***"), and

B. ServiceNow, Inc., 102 S. Sierra Avenue, Solana Beach, CA 92075, U.S.A. (the "***Company***"), which may grant options under the ESPP and is entering into this Election on behalf of the Employer.

1. Introduction

1.1 This Election relates to the options granted to the Employee under the ESPP on or after [*insert the effective date of the ESPP*] up to the termination date of the ESPP.

1.2 In this Election the following words and phrases have the following meanings:

(a) "**Chargeable Event**" means, in relation to the ESPP:

(i) the acquisition of securities pursuant to the options (within section 477(3)(a) of ITEPA);

(ii) the assignment (if applicable) or release of the options in return for consideration (within section 477(3)(b) of ITEPA);

(iii) the receipt of a benefit in connection with the options, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

(iv) post-acquisition charges relating to the shares acquired pursuant to the ESPP (within section 427 of ITEPA); and/or

(v) post-acquisition charges relating to the shares acquired pursuant to the ESPP (within section 439 of ITEPA).

(b) "ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.

(c) "SSCBA" means the Social Security Contributions and Benefits Act 1992.

1.3 This Election relates to the employer's secondary Class 1 National Insurance Contributions (the "***Employer's Liability***") which may arise on the occurrence of a Chargeable Event in respect of the ESPP pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer's Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

(i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

(ii) directly from the Employee by payment in cash or cleared funds; and/or

(iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive pursuant to the options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or

(iv) where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive pursuant to the options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or

(v) through any other method as set forth in the applicable Enrollment/Change Form entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the ESPP until full payment of the Employer's Liability is received.

3.3 The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 This Election will continue in effect until the earliest of the following:

(i) the Employee and the Company agree in writing that it should cease to have effect;

(ii) on the date the Company serves written notice on the Employee terminating its effect;

(iii) on the date HMRC withdraws approval of this Election; or

(iv) after due payment of the Employer’s Liability in respect of the ESPP to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

<u>Acceptance by the Employee</u>

The Employee acknowledges that, by signing this Election, the Employee agrees to be bound by the terms of this Election.

Signature ____

Name ____

Date ____

<u>Acceptance by the Company</u>

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on
behalf of the Company ____

Name ____

Position ____

Date ____

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	[ServiceNow to insert]
Corporation Tax Reference:	[ServiceNow to insert]
PAYE Reference:	[ServiceNow to insert]

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 3 to the Registration Statement on Form S-1 of ServiceNow, Inc. of our report dated March 30, 2012, except for Note 18, "Subsequent Events," as to which the date is May 23, 2012, relating to the financial statements of ServiceNow, Inc. (formerly Service-now.com), which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Diego, California
June 18, 2012