

# NOW ServiceNow

MARKET CAP  
US\$130.0b

7D  
0.9%

1Y  
44.6%



UPDATED 16 Sep, 2021

## NOW Overview

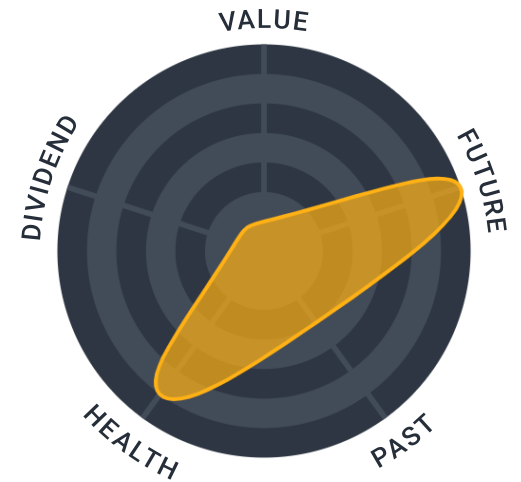
ServiceNow, Inc. provides enterprise cloud computing solutions that defines, structures, consolidates, manages, and automates services for enterprises worldwide.

### REWARDS

- ★ Earnings are forecast to grow 50.83% per year ▶

### RISK ANALYSIS

- ⚠ Has a high level of debt ▶
- ⚠ Profit margins (3.3%) are lower than last year (18.4%) ▶
- ⚠ Significant insider selling over the past 3 months ▶
- ⚠ Shareholders have been diluted in the past year ▶



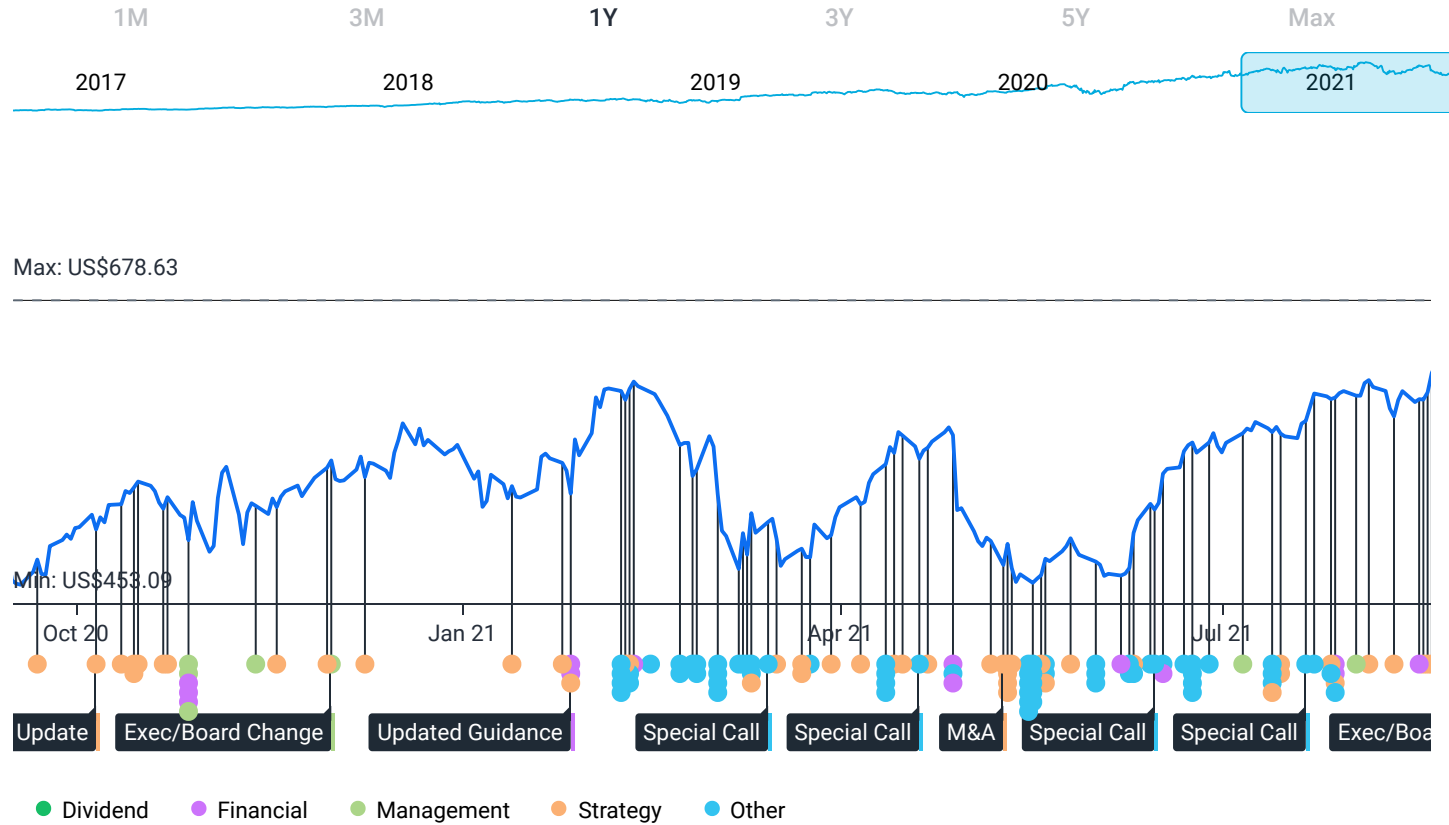
### Snowflake Analysis

Exceptional growth potential with excellent balance sheet.

## 2 | Share Price & News

How has ServiceNow's share price performed over time and what events caused price changes?

### 2.1 | Latest Share Price and Events



✓ **Stable Share Price:** NOW is less volatile than 75% of US stocks over the past 3 months, typically moving +/- 3% a week.

✓ **Volatility Over Time:** NOW's weekly volatility (3%) has been stable over the past year.

## 2.2 | Market Performance

---

### 7 Day Return

**0.9%**

NOW

**1.5%**

US Software

**-0.6%**

US Market

---

### 1 Year Return

**44.6%**

NOW

**43.5%**

US Software

**33.6%**

US Market

- ✔ **Return vs Industry:** NOW exceeded the US Software industry which returned 42.7% over the past year.
  - ✔ **Return vs Market:** NOW exceeded the US Market which returned 33.7% over the past year.
- 

### Shareholder returns

	NOW	Industry	Market
7 Day	0.9%	1.5%	-0.6%
30 Day	12.7%	5.5%	1.3%
90 Day	23.0%	13.8%	5.3%
1 Year	44.6%	43.5%	33.6%
3 Year	250.3%	138.2%	51.0%
5 Year	742.3%	349.5%	99.1%

### Long-Term Price Volatility Vs. Market

How volatile is ServiceNow's share price compared to the market and industry in the last 5 years?

## ServiceNow Fundamentals Summary

NOW fundamental statistics	
Market Cap	US\$130.05b

NOW fundamental statistics	
Earnings (TTM)	US\$170.50m
Revenue (TTM)	US\$5.17b

**762.7x**

P/E Ratio

**25.1x**

P/S Ratio

## Earnings & Revenue

Income statement (TTM)	
Revenue	US\$5.17b
Cost of Revenue	US\$1.16b
Gross Profit	US\$4.01b
Expenses	US\$3.84b
Earnings	US\$170.50m

Last Reported Earnings  
**Jun 29, 2021**

Next Earnings Date  
**n/a**

Earnings per share (EPS)

**0.87**

Gross Margin

**77.59%**

Net Profit Margin

**3.30%**

Debt/Equity Ratio

**48.3%**

# 1 | Valuation

Analysis Checks 0/6

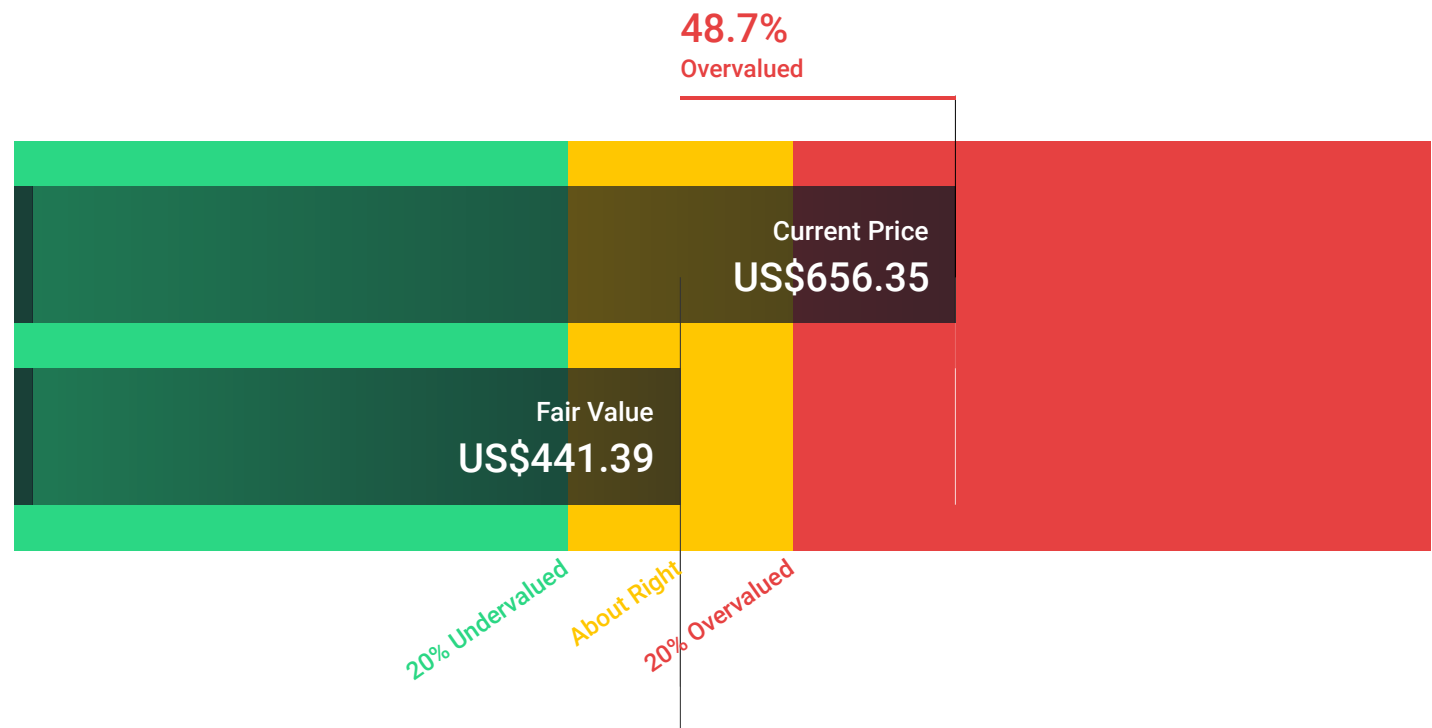


Is ServiceNow undervalued compared to its fair value and its price relative to the market?

# 762.73x

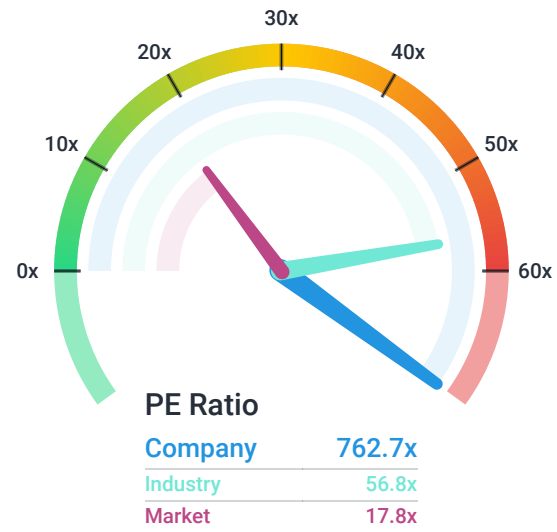
Price to Earnings (PE) ratio

## 1.1 | Share Price vs. Fair Value



- ⊗ **Below Fair Value:** NOW (\$656.35) is trading above our estimate of fair value (\$441.39)
- ⊗ **Significantly Below Fair Value:** NOW is trading above our estimate of fair value.

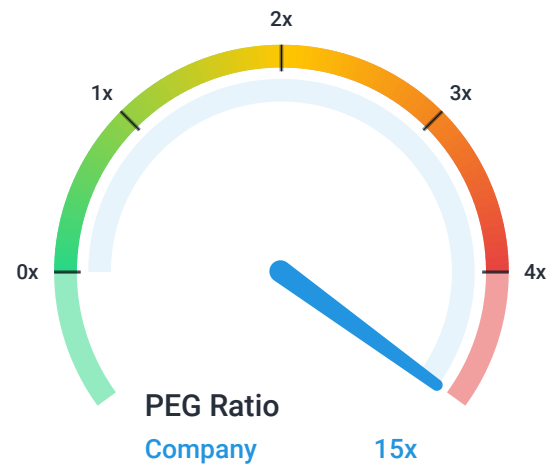
## 1.2 | Price To Earnings Ratio



⊗ **PE vs Industry:** NOW is poor value based on its PE Ratio (762.7x) compared to the US Software industry average (55.9x).

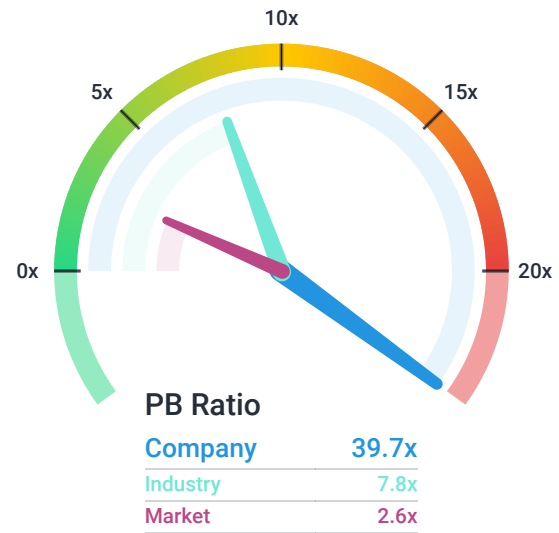
⊗ **PE vs Market:** NOW is poor value based on its PE Ratio (762.7x) compared to the US market (17.8x).

## 1.3 | Price to Earnings Growth Ratio



⊗ **PEG Ratio:** NOW is poor value based on its PEG Ratio (15x)

## 1.4 | Price to Book Ratio



⊗ **PB vs Industry:** NOW is overvalued based on its PB Ratio (39.7x) compared to the US Software industry average (7.7x).

## 2 | Future Growth

Analysis Checks 6/6

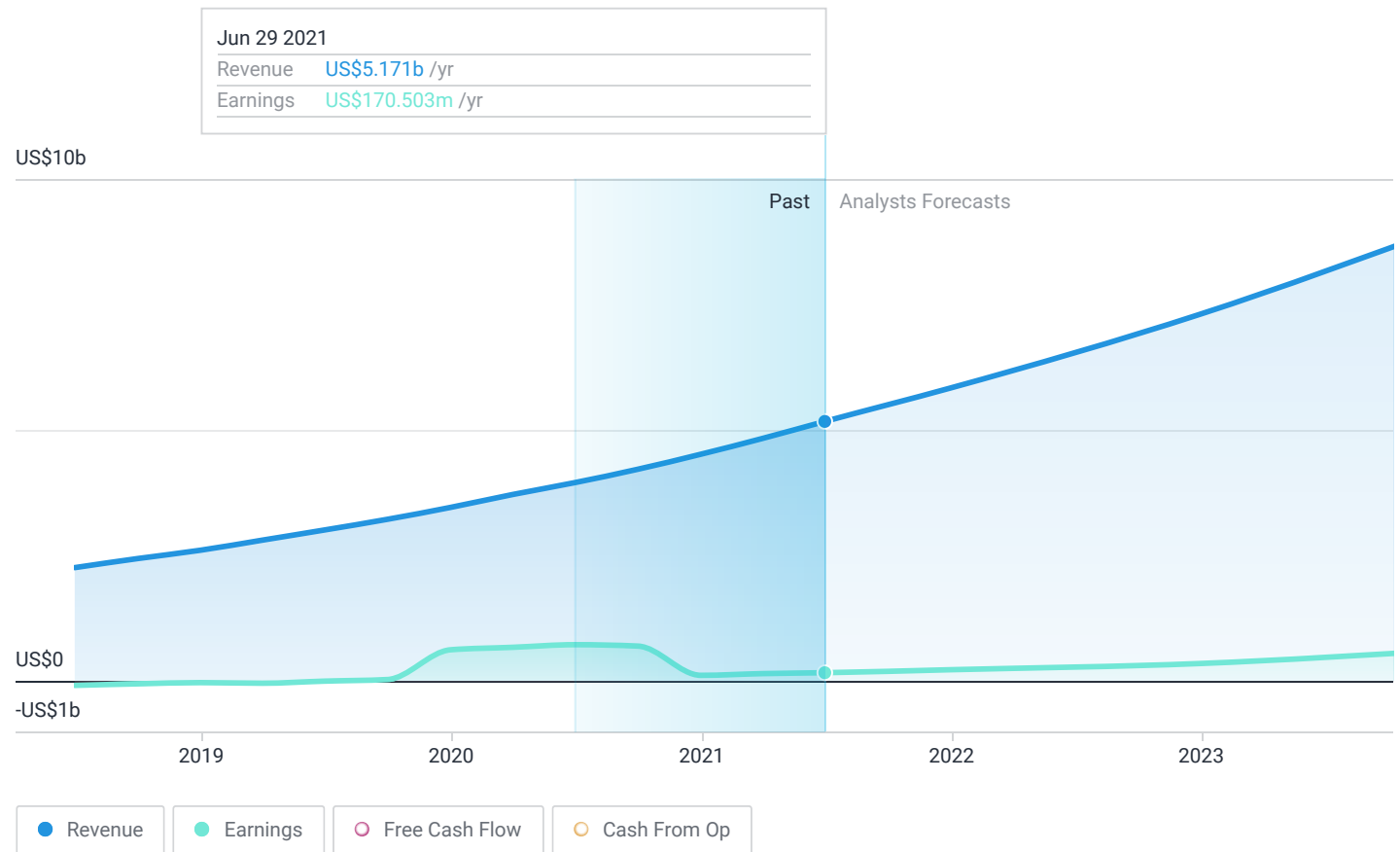


How is ServiceNow forecast to perform in the next 1 to 3 years based on estimates from 28 analysts?

# 50.8%

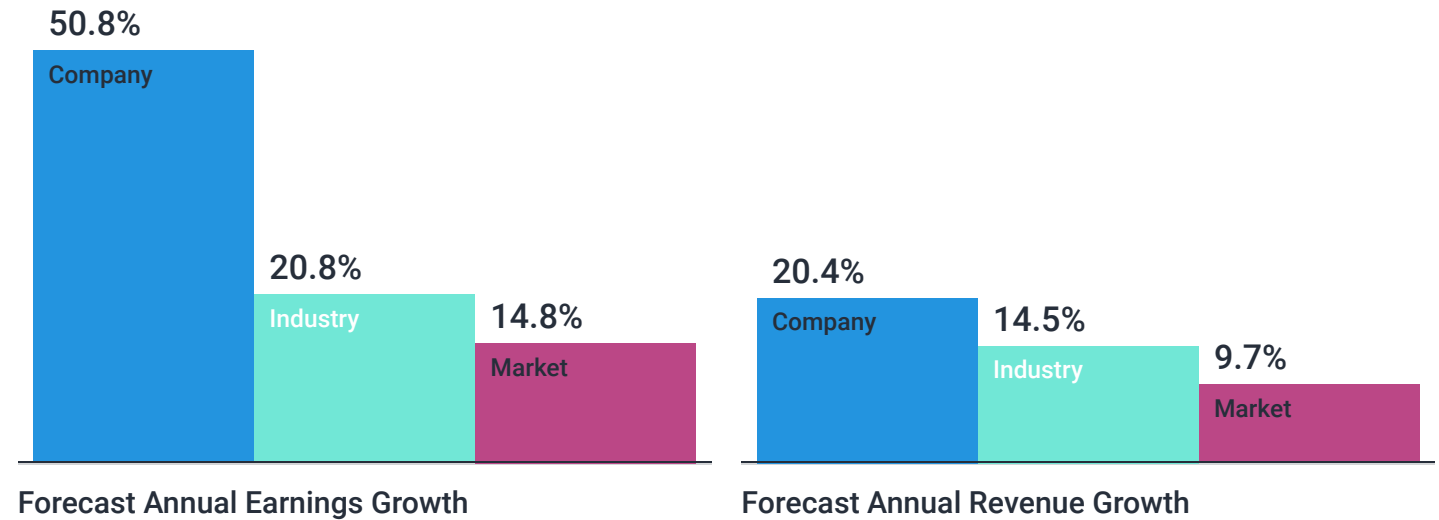
Forecasted annual earnings growth

### 2.1 | Earnings and Revenue Growth Forecasts



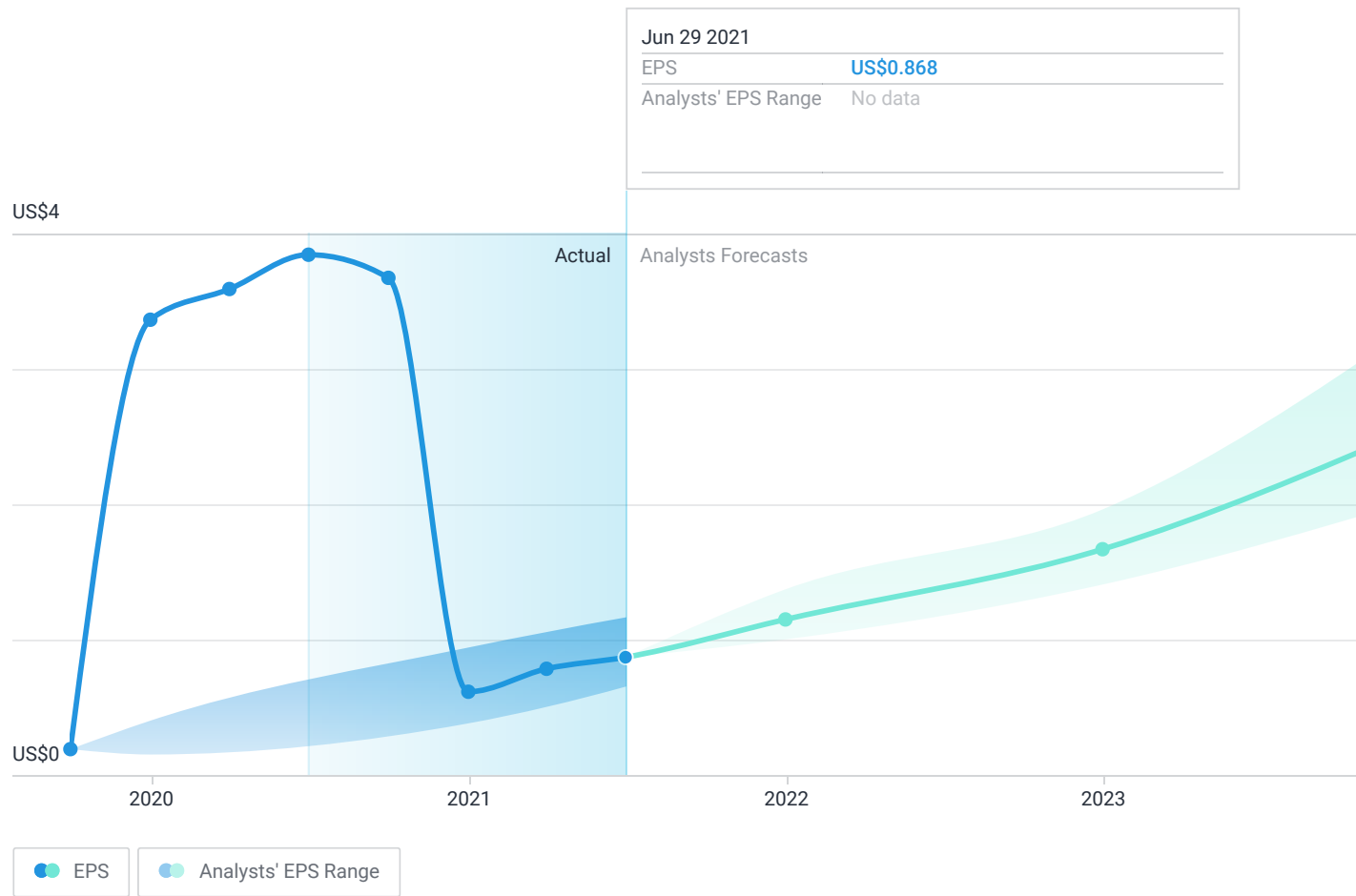


## 2.2 | Analyst Future Growth Forecasts

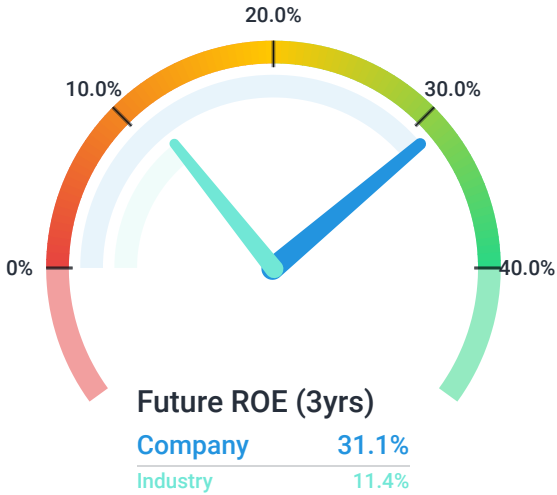


- ✓ **Earnings vs Savings Rate:** NOW's forecast earnings growth (50.8% per year) is above the savings rate (2%).
  - ✓ **Earnings vs Market:** NOW's earnings (50.8% per year) are forecast to grow faster than the US market (14.9% per year).
  - ✓ **High Growth Earnings:** earnings are expected to grow significantly over the next 3 years.
  - ✓ **Revenue vs Market:** NOW's revenue (20.4% per year) is forecast to grow faster than the US market (9.7% per year).
  - ✓ **High Growth Revenue:** NOW's revenue (20.4% per year) is forecast to grow faster than 20% per year.
-

## 2.3 Earnings per Share Growth Forecasts



## 2.4 | Future Return on Equity



✔ Future ROE: NOW's Return on Equity is forecast to be high in 3 years time (31.1%)

## 3 | Past Performance

How has ServiceNow performed over the past 5 years?

# 70.7%

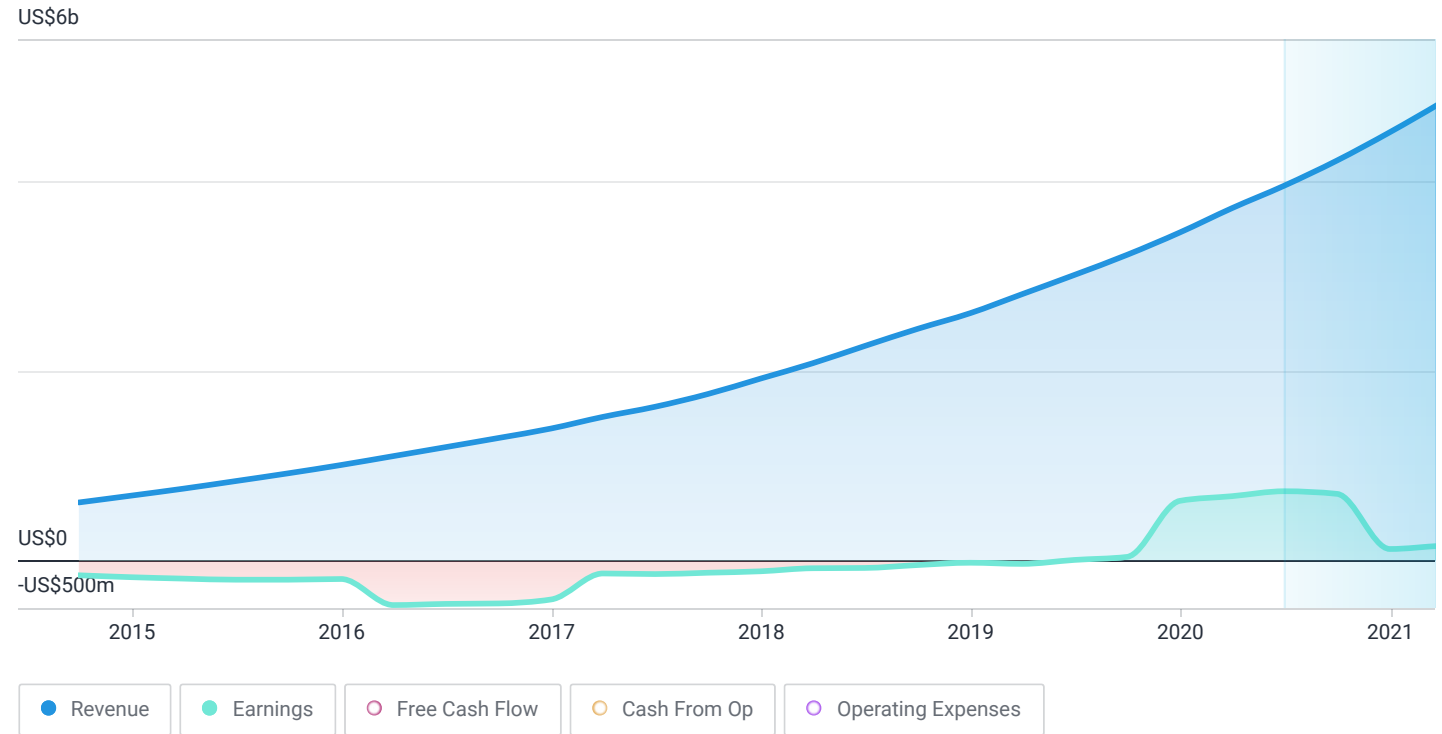
Historical annual earnings growth

Analysis Checks 2/6



### 3.1 Earnings and Revenue History

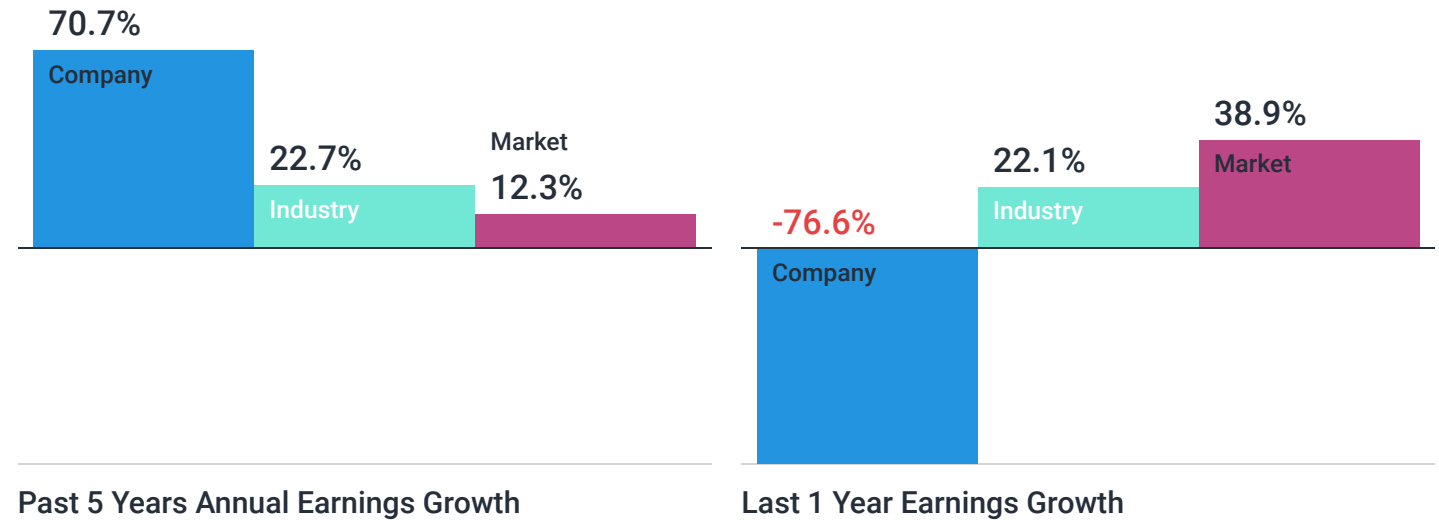
Jun 29 2021	
Revenue	US\$5.171b /yr
Earnings	US\$170.503m /yr
	3.3% profit margin



✔ Quality Earnings: NOW has high quality earnings.

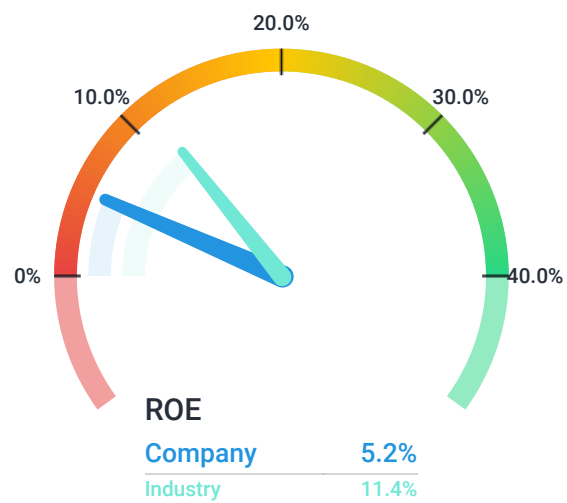
✘ Growing Profit Margin: NOW's current net profit margins (3.3%) are lower than last year (18.4%).

## 3.2 | Past Earnings Growth Analysis



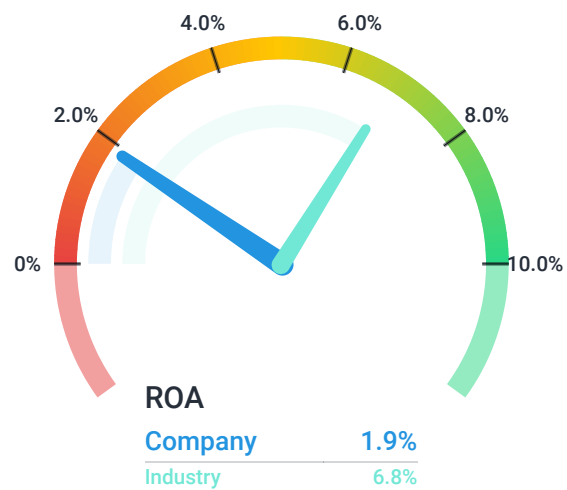
- ✓ **Earnings Trend:** NOW has become profitable over the past 5 years, growing earnings by 70.7% per year.
- ✗ **Accelerating Growth:** NOW's has had negative earnings growth over the past year, so it can't be compared to its 5-year average.
- ✗ **Earnings vs Industry:** NOW had negative earnings growth (-76.6%) over the past year, making it difficult to compare to the Software industry average (22.1%).

### 3.3 | Return on Equity

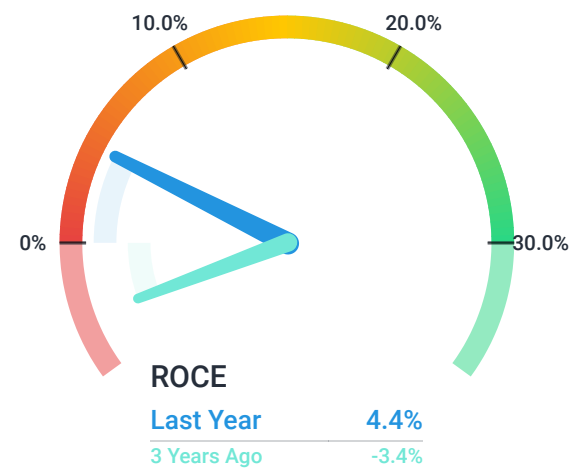


⊗ High ROE: NOW's Return on Equity (5.2%) is considered low.

### 3.4 | Return on Assets



### 3.5 | Return on Capital Employed



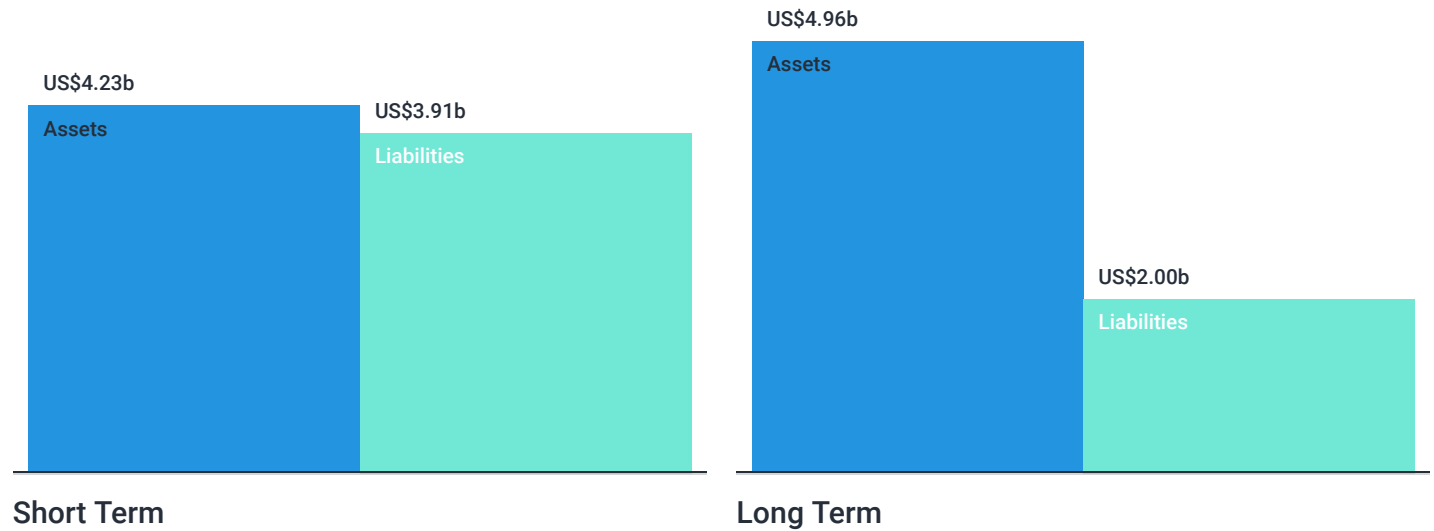
## 4 | Financial Health

Analysis Checks 5/6



How is ServiceNow's financial position?

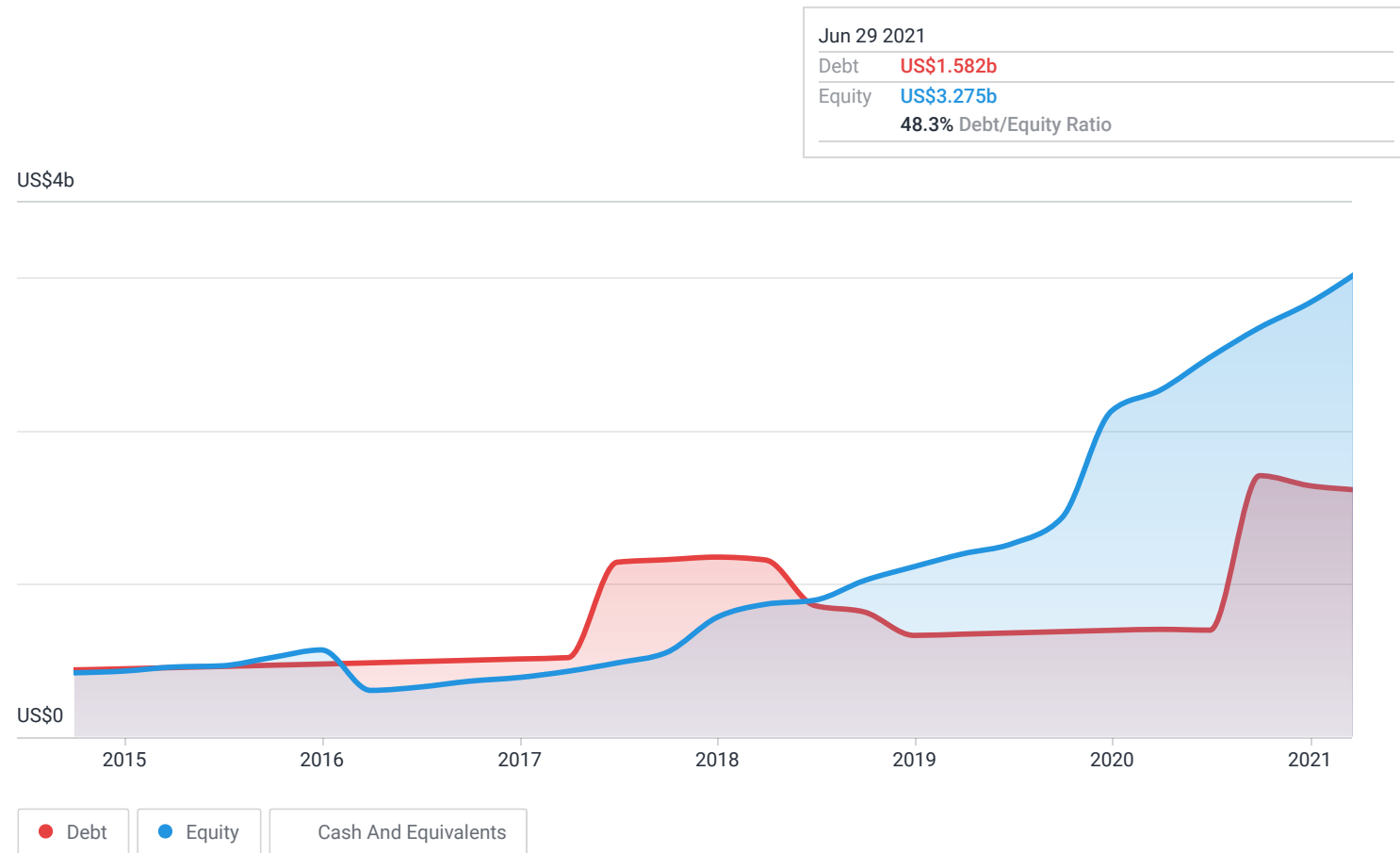
### 4.1 | Financial Position Analysis



✓ Short Term Liabilities: NOW's short term assets (\$4.2B) exceed its short term liabilities (\$3.9B).

✓ Long Term Liabilities: NOW's short term assets (\$4.2B) exceed its long term liabilities (\$2.0B).

## 4.2 Debt to Equity History and Analysis



- ❌ **Debt Level:** NOW's debt to equity ratio (48.3%) is considered high.
- ✅ **Reducing Debt:** NOW's debt to equity ratio has reduced from 151.2% to 48.3% over the past 5 years.
- ✅ **Debt Coverage:** NOW's debt is well covered by operating cash flow (123.5%).
- ✅ **Interest Coverage:** NOW's interest payments on its debt are well covered by EBIT (72x coverage).



## 4.3 | Balance Sheet

### Assets

Long term & Other Assets US\$4.2b	Physical Assets US\$1.2b
Cash & Short term Investments US\$3.0b	Receivables US\$781.0m

### Liabilities + Equity

Other Liabilities US\$4.2b	Debt US\$1.6b
Equity US\$3.3b	Accounts

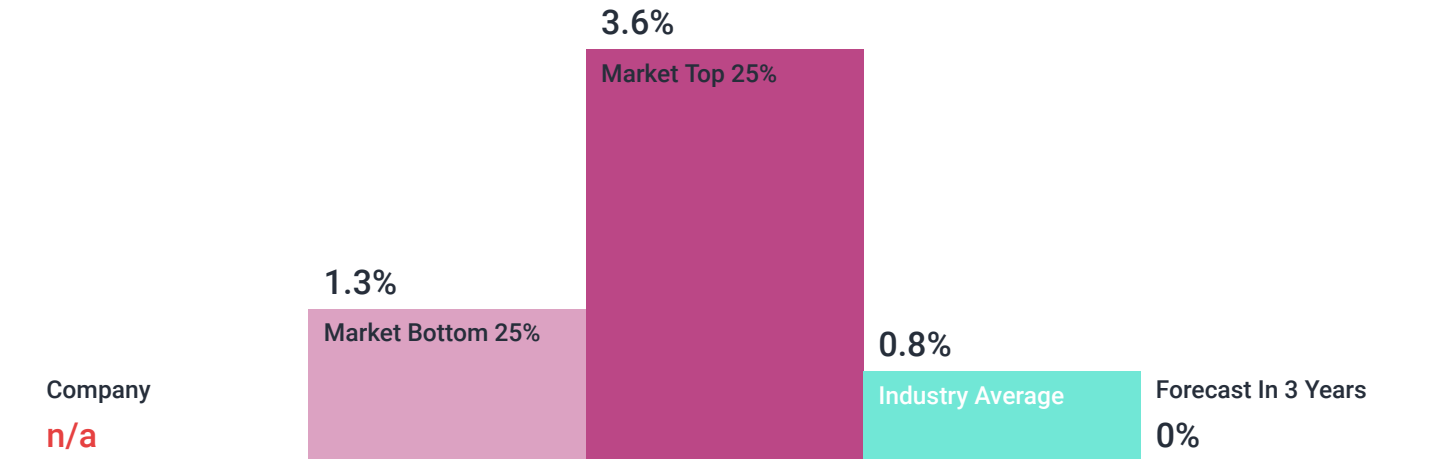
## 5 | Dividend

Analysis Checks 0/6



What is ServiceNow current dividend yield, its reliability and sustainability?

### 5.1 | Dividend Yield vs Market





#### Current Dividend Yield Vs Market & Industry

- ⊗ **Notable Dividend:** Unable to evaluate NOW's dividend yield against the bottom 25% of dividend payers, as the company has not reported any recent payouts.
- ⊗ **High Dividend:** Unable to evaluate NOW's dividend yield against the top 25% of dividend payers, as the company has not reported any recent payouts.

## 5.2 Stability and Growth of Payments

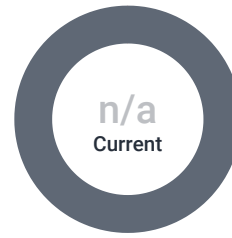


 **Stable Dividend:** Insufficient data to determine if NOW's dividends per share have been stable in the past.


 **Growing Dividend:** Insufficient data to determine if NOW's dividend payments have been increasing.

---

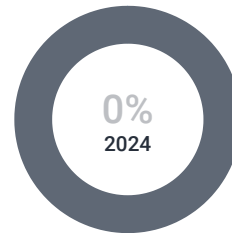
## 5.3 | Current Payout to Shareholders




No data

 **Dividend Coverage:** Insufficient data to calculate payout ratio to determine if its dividend payments are covered by earnings.

## 5.4 | Future Payout to Shareholders



Does not pay a dividend

 **Future Dividend Coverage:** No need to calculate the sustainability of NOW's dividend in 3 years as they are not forecast to pay a notable one for the US market.

## 6 | Management

How experienced are the management team and are they aligned to shareholders interests?

# 2.5yrs

Average management tenure

Bill McDermott (59 yo)

**1.83yrs**

Tenure

**US\$25,124,056**

Compensation

Mr. William R. McDermott, also known as Bill, has been the President, CEO and Director of ServiceNow Inc. since November 15, 2019. Mr. McDermott has been a Director of Fisker, Inc. since October 2020 and prior to this, served as a director of Legacy Fisker since October 2020. Mr. McDermott serves as Lead Independent Director at Fisker Inc. from March 2021.

He had been a Director of Spartan Energy Acquisition Corp. since October 28, 2020. He served as Member of Executive Board at SAP SE from October 2019 to November 15, 2019. He was an Advisor at SAP SE since October 10, 2019 until October 2019. Mr. McDermott had been the Chief Executive Officer at SAP SE since May 21, 2014 until October 10, 2019.

He served as a Co-Chief Executive Officer of SAP America, Inc. He served as the Chief Executive Officer of Global Field Operations at SAP SE. He served as the President of Global Field Operations and Chief Executive Officer of SAP Americas & Asia Pacific Japan. He served as the Chief Executive Officer and President at SAP America, Inc., a subsidiary of SAP Labs, LLC until July 2008. He served as a Co-Chief Executive Officer of SAP SE from February 7, 2010 to May 2014 and has overseen a period of dramatic growth for SAP, including expanding its portfolio and initiating a major shift to cloud computing.

He served as Corporate Officer at SAP SE since April 1, 2007. He also served as the Head of Global Field Operations at SAP SE. He joined SAP in 2002. He spent at Xerox Corporation holding various senior management positions, including President of the U.S.

Major Account Organization and Senior Vice President/General Manager of Xerox Business Systems. An award-winning corporate leader, he has earned a reputation for engineering phenomenal business performance. In his first year at the reins of SAP America, delivered four consecutive quarters of significant market share gains and revenue increases, as well as improved employee and customer satisfaction. He served as Executive Vice President for Worldwide Sales at Siebel Systems Inc., where he led global sales and field operations from 2001 to 2002.

He served as the President of Gartner Inc., from 2000 to 2001. He spent many years at Xerox Corp., where he rose steadily through the ranks of the sales and marketing divisions as well as executive management, eventually becoming Xerox Corp.'s youngest corporate officer and Division President. He has been a Director of PAETEC Communications Inc. since April 2004. He had been an Independent Director of SecureWorks Corp. since April 2016 until December 31, 2019.

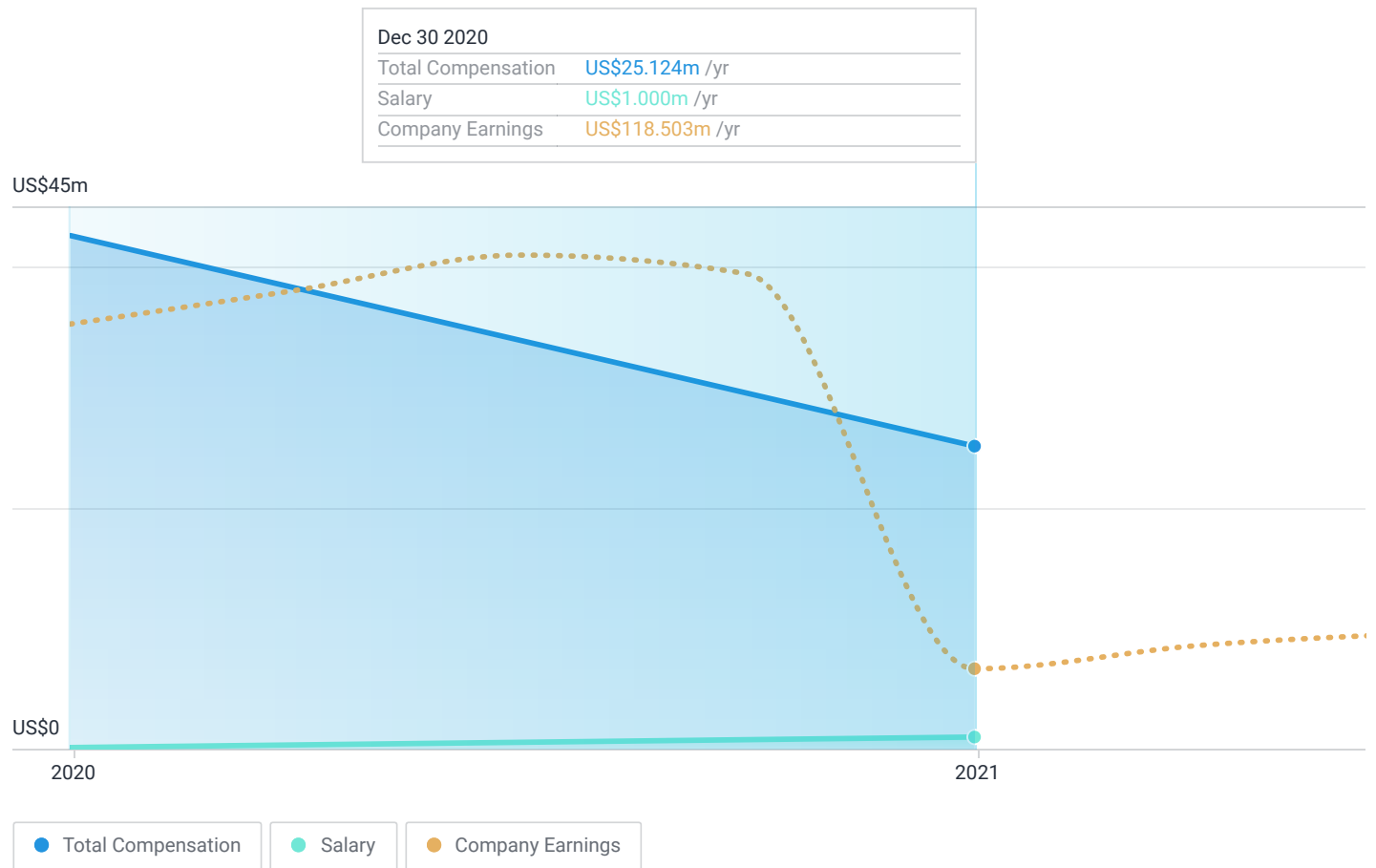
He had been an Independent Director of Ansys, Inc. since July 13, 2007 until October 31, 2019. He served as an Independent Director of Under Armour, Inc. since August 2005 until January 1, 2020. He serves as a Board Director for the Washington-based Welfare-to-Work Partnership, which promotes career opportunities for former welfare recipients. He served on the Board of Directors of PAETEC Holding, LLC from February 2007 to November 2011.

He serves as a Member of the Business Roundtable, the Enterprise Software Roundtable, the Advisory Board for Villanova University in Villanova, Pennsylvania and the KIPP School National Advisory Board. In 1997, his team received the Baldrige Award, the nation's highest honor for business performance. In March 2004, he was elected to the Dowling College Board of Trustees and was also recognized by Dowling College as its Alumnus of the Year in 2003, it is presented annually by the President of the United States for outstanding achievement in leadership, strategic planning, customer and market focus, information and analysis, human resources, process management and business results. He is an Active Civic Leader and Advocate for social responsibility in business.

In early 2005, he was elected to the U.S. Chamber of Commerce, the world's largest business federation and organizations and to the Chamber Foundation Board. In June 2005, he was selected to Treasury & Risk Management's 100 Most Influential People in Finance. In the same month, he was named a winner by Ernst & Young for the Ernst & Young Entrepreneur of the Year 2005 Awards in Applied Technology.

He serves as a Charter Member of the Advisory Council for the Hands on Network organization, a consortium of volunteer organizations in the U.S., the Philippines and China, that develops entrepreneurial strategies for bridging community resources and needs. In addition, Mr. McDermott received a B.S. degree in Business Administration from Dowling College. Mr. McDermott received an M.B.A. degree from the J.L. Kellogg Graduate School of Management at Northwestern University and completed the Executive Development Program at the University of Pennsylvania's Wharton Graduate School of Management.













## 6.2 CEO Compensation Analysis



❌ **Compensation vs Market:** Bill's total compensation (\$USD25.12M) is above average for companies of similar size in the US market (\$USD11.33M).

✅ **Compensation vs Earnings:** Bill's compensation has been consistent with company performance over the past year.

## 6.3 Leadership Team

Name	Position	Tenure	Compensation	Ownership
 William McDermott	President	1.83yrs	US\$25.12m	0.012% \$ 15.3m
 Gina Mastantuono	Chief Financial Officer	1.67yrs	US\$17.28m	0.00090% \$ 1.2m
 Russell Elmer	General Counsel & Secretary	3.67yrs	US\$6.36m	0.0054% \$ 7.0m
 Chirantan Desai	Chief Product Officer	4.75yrs	US\$12.30m	0.022% \$ 28.8m
 Kevin Haverty	Chief Revenue Officer	1.17yrs	US\$10.29m	0.017% \$ 22.3m
 Fay Goon	Principal Accounting Officer	2.5yrs	no data	0.0023% \$ 3.0m
 Chris Bedi	Chief Information Officer	6.67yrs	no data	no data
 Darren Yip	Head of Investor Relations	1.67yrs	no data	no data
 Alan Marks	Chief Marketing & Communications Officer	4.67yrs	no data	no data
 Jacqueline Canney	Chief People Officer	0.17yr	no data	no data
 Lara Caimi	Chief Customer & Partner Officer	3.83yrs	no data	no data
 Lisa Banks	Senior Vice President of Strategic Finance	no data	no data	no data

**2.5yrs**

Average Tenure













**53yo**

Average Age

 **Experienced Management:** NOW's management team is considered experienced (2.5 years average tenure)



## 6.4 Board Members


Name	Position	Tenure	Compensation	Ownership
 William McDermott	President	1.83yrs	US\$25.12m	0.012% \$ 15.3m
 Jeffrey Miller	Lead Independent Director	3.92yrs	US\$404.93k	0.024% \$ 31.4m
 Frederic Luddy	Founder & Chairman of the Board	3.42yrs	US\$364.93k	0.16% \$ 208.5m
 Susan Bostrom	Independent Director	7.17yrs	US\$386.93k	0.00049% \$ 637.2k
 Jonathan Chadwick	Independent Director	4.92yrs	US\$394.93k	0.0030% \$ 3.9m
 Dennis Woodside	Independent Director	3.42yrs	US\$371.93k	0.0021% \$ 2.7m
 Anita Sands	Independent Director	7.17yrs	US\$379.93k	0.0027% \$ 3.5m
 Teresa Briggs	Independent Director	2.5yrs	US\$374.93k	0.00047% \$ 611.2k
 Paul Chamberlain	Independent Director	4.92yrs	US\$379.93k	0.0047% \$ 6.1m
 Sukumar Rathnam	Independent Director	0.083yr	no data	no data
 Lawrence Jackson	Independent Director	0.92yr	US\$223.81k	0% \$ 0
 Larry Quinlan	Director	0.083yr	no data	no data

**3.4yrs**

Average Tenure

**58yo**

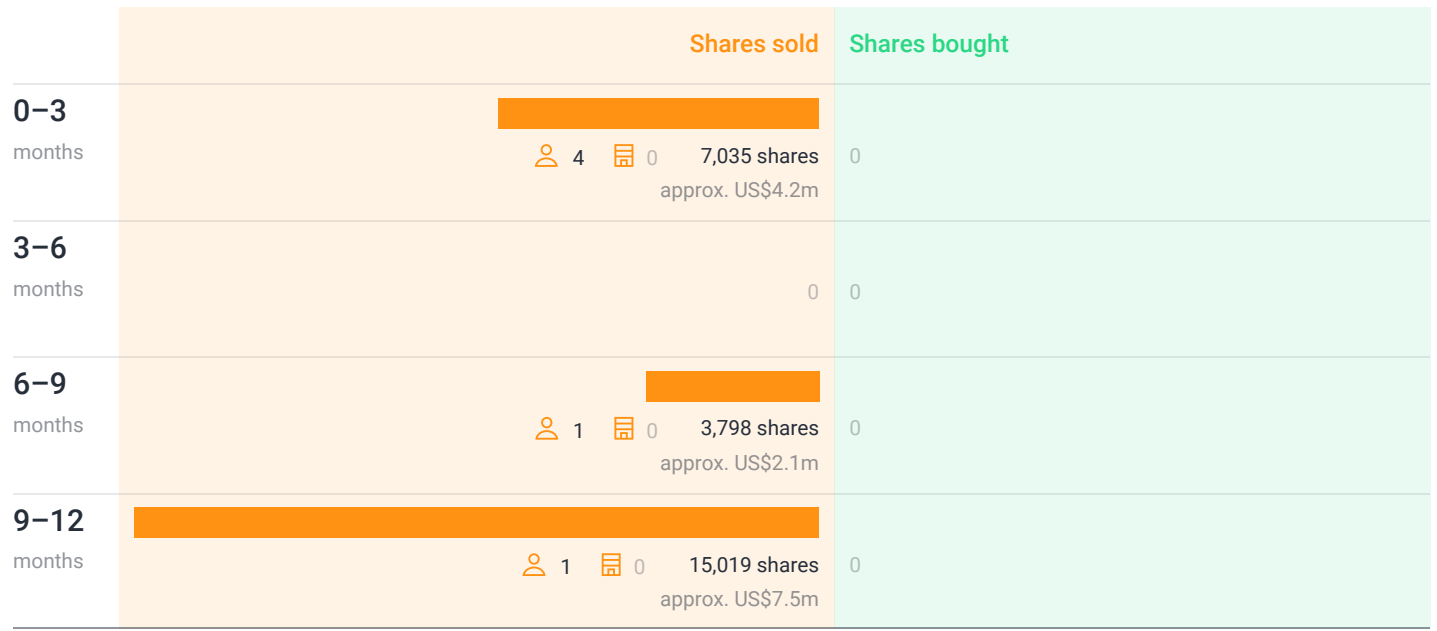
Average Age

 **Experienced Board:** NOW's board of directors are considered experienced (3.4 years average tenure).

# 7 | Ownership

Who are the major shareholders and have insiders been buying or selling?

## 7.1 | Insider Trading Volume



● Sold By Individuals

















● Bought By Individuals

● Sold By Companies

● Bought By Companies

⊗ **Insider Buying:** NOW insiders have only sold shares in the past 3 months.

## 7.2 | Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
06 Sep 21	<span>Sell</span> US\$213,757	Frederic Luddy	Individual	 	323	US\$661.79
30 Aug 21	<span>Sell</span> US\$271,216	Lawrence Jackson	Individual	 	422	US\$642.69
19 Aug 21	<span>Sell</span> US\$586,770	Fay Goon	Individual	 	979	US\$599.36
02 Aug 21	<span>Sell</span> US\$2,076,317	Susan Bostrom	Individual	 	4,500	US\$462.45
29 Jul 21	<span>Sell</span> US\$479,707	Frederic Luddy	Individual	 	811	US\$591.50
28 Jan 21	<span>Sell</span> US\$2,075,612	Gina Mastantuono	Individual	 	3,798	US\$550.48
01 Dec 20	<span>Sell</span> US\$7,057,535	Frederic Luddy	Individual	 	13,361	US\$532.37
01 Nov 20	<span>Sell</span> US\$821,524	Frederic Luddy	Individual	 	1,658	US\$505.11

NYSE:NOW Recent Insider Transactions by Companies or Individuals

## 7.3 | Ownership Breakdown

**Private Companies** 0.001%

2,816 shares

**State or Government** 0.04%

82,992 shares

**Individual Insiders** 0.3%

589,857 shares

**General Public** 10.5%

20,835,751 shares

**Institutions** 89.1%

176,623,584 shares












⊗ **Dilution of Shares:** Shareholders have been diluted in the past year, with total shares outstanding growing by 3.3%.

---

## 7.4 | Top Shareholders

Top 25 shareholders own 55.59% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
7.93%	The Vanguard Group, Inc.	15,703,111	\$10.3b	0.66%	0.19%	
7.81%	BlackRock, Inc.	15,467,737	\$10.2b	-3.73%	0.19%	
7.33%	T. Rowe Price Group, Inc.	14,516,902	\$9.5b	-4.14%	0.74%	
4.92%	Capital Research and Management Company	9,755,290	\$6.4b	3.71%	0.3%	
3.83%	State Street Global Advisors, Inc.	7,591,945	\$5.0b	1.19%	0.09%	
3.01%	Morgan Stanley Investment Management Inc.	5,964,232	\$3.9b	221.21%	1.56%	
1.77%	Polen Capital Management, LLC	3,510,696	\$2.3b	4.66%	3.94%	
1.59%	Franklin Resources, Inc.	3,151,631	\$2.1b	1.48%	0.6%	
1.5%	FMR LLC	2,978,935	\$2.0b	-8.8%	0.13%	
1.47%	Geode Capital Management, LLC	2,904,088	\$1.9b	1.58%	0.21%	
1.43%	Sands Capital Management, LLC	2,824,759	\$1.9b	-1.62%	2.74%	
1.28%	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	2,545,758	\$1.7b	9.74%	0.41%	
1.25%	Lone Pine Capital LLC	2,468,798	\$1.6b	66.95%	4.58%	
1.12%	Northern Trust Global Investments	2,221,603	\$1.5b	0.51%	0.22%	
1.11%	Tiger Global Management, LLC	2,206,240	\$1.4b	2.33%	2.43%	
1.09%	UBS Asset Management	2,154,226	\$1.4b	5.45%	0.2%	

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
0.94%	Norges Bank Investment Management	1,865,357	\$1.2b	0%	0.11%	
0.94%	MFS Investment Management, Inc.	1,861,186	\$1.2b	-19.89%	0.23%	
0.94%	Brown Advisory Incorporated	1,858,764	\$1.2b	10.55%	1.66%	
0.9%	BNY Mellon Asset Management	1,781,166	\$1.2b	-7.66%	0.21%	
0.75%	Viking Global Investors LP	1,482,387	\$973.0m	64.25%	2.87%	
0.72%	Columbia Management Investment Advisers, LLC	1,420,449	\$932.3m	8.55%	0.23%	
0.67%	Wellington Management Group LLP	1,317,596	\$864.8m	-1.21%	0.12%	
0.66%	Morgan Stanley, Investment Banking and Brokerage Investments	1,311,978	\$861.1m	-75.39%	0.14%	
0.65%	Swedbank Robur Fonder AB	1,285,229	\$843.6m	0%	0.62%	

## 8 | Company Information

ServiceNow, Inc.'s company bio, employee growth, exchange listings and data sources

---

### 8.1 | Key Information



Name: **ServiceNow, Inc.**

Ticker: **NOW**

Exchange: **NYSE**

Founded: **2004**

Industry: **Systems Software**

Sector: **Software**

**Market Cap: US\$130.046b**

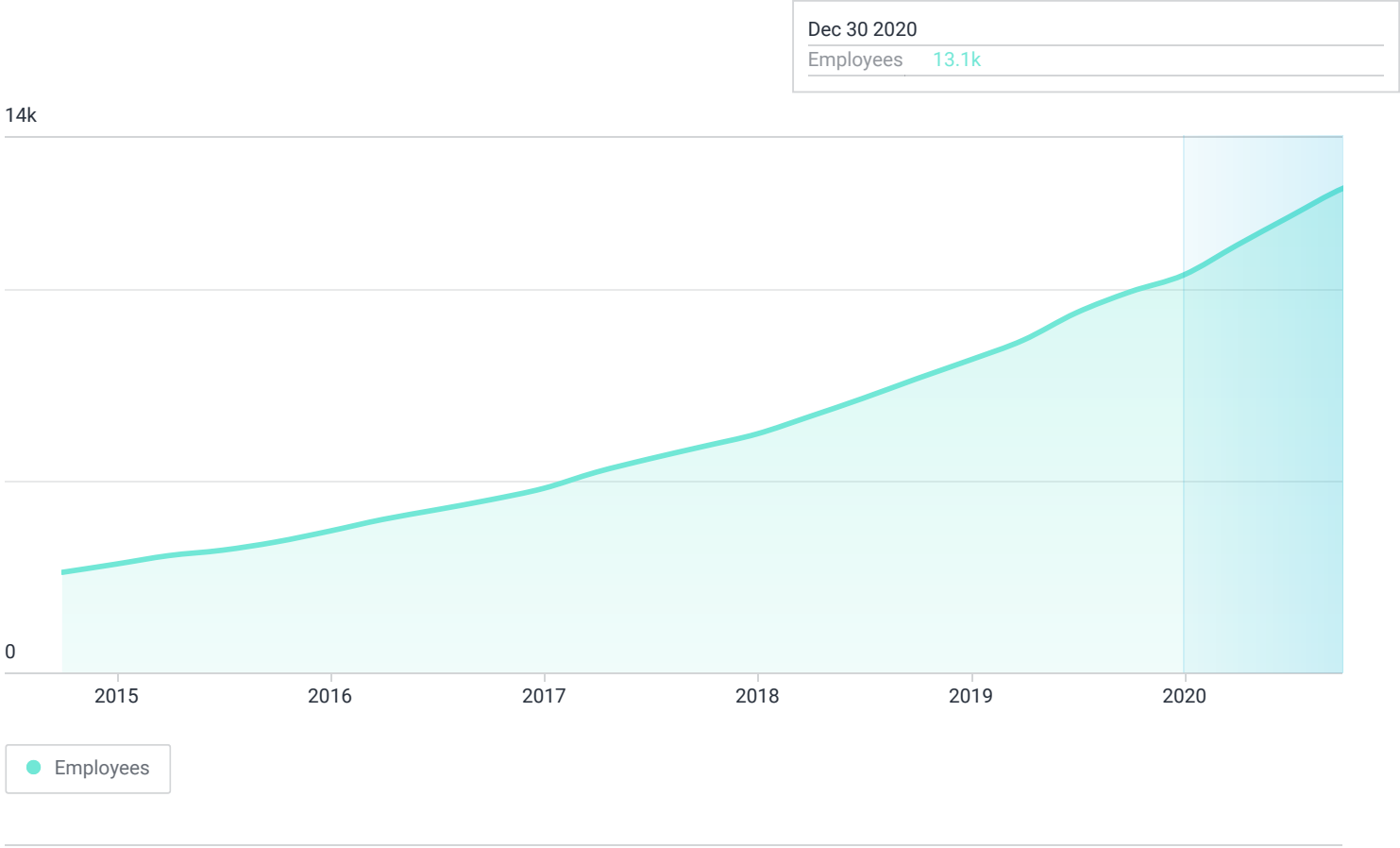
**Shares outstanding: 198.14m**

**Website:** <https://www.servicenow.com>

---



## 8.2 | Number of Employees



### 8.3 | Location



ServiceNow, Inc.  
2225 Lawson Lane  
Santa Clara  
California  
95054  
United States



## 8.4 Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
NOW	NYSE (New York Stock Exchange)	Yes	Common Stock	US	USD	Jun 2012
4S0	DB (Deutsche Boerse AG)	Yes	Common Stock	DE	EUR	Jun 2012
0L5N	LSE (London Stock Exchange)	Yes	Common Stock	GB	USD	Jun 2012
NOWW *	BMV (Bolsa Mexicana de Valores)	Yes	Common Stock	MX	MXN	Jun 2012
SNOW	WBAG (Wiener Boerse AG)	Yes	Common Stock	AT	EUR	Jun 2012
4S0	ETLX (Eurotlx)	Yes	Common Stock	IT	EUR	Jun 2012
N10W34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH 50 REPR 1 COM NPV	BR	BRL	Oct 2020

## 8.5 | Biography

ServiceNow, Inc. provides enterprise cloud computing solutions that defines, structures, consolidates, manages, and automates services for enterprises worldwide. It operates the Now platform that offers workflow automation, artificial intelligence, machine learning, performance analytics, electronic service catalogs and portals, configuration management systems, data benchmarking, encryption, and collaboration and development tools. The company also provides information technology (IT) service management applications; IT service management product suite for enterprise's employees, customers, and partners; IT business management product suite to manage IT priorities; IT operations management product that connects a customer's physical and cloud-based IT infrastructure; IT Asset Management to automate IT asset lifecycles; and enterprise development operations product for developers' toolchain.

In addition, it offers security incident management, threat enrichment intelligence, vulnerability response management, and security incident intelligence sharing security operation products; governance, risk, and compliance product to create policies and controls; human resources, legal, and workplace service delivery products; safe workplace applications; customer service management product; and field service management applications. Further, it provides App Engine product; IntegrationHub enables application to extend workflows; and professional, training, and customer support services. It serves government, financial services, healthcare, telecommunications, manufacturing, IT services, technology, oil and gas, education, and consumer products. It sells its products through direct sales team and resale partners.

The company was formerly known as Service-now.com and changed its name to ServiceNow, Inc. in May 2012. The company was incorporated in 2004 and is headquartered in Santa Clara, California.

## 8.6 | Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/09/16 22:53
End of Day Share Price	2021/09/16 00:00
Earnings	2021/06/30
Annual Earnings	2020/12/31

