

ServiceNow, Inc.
Form S-1/A
May 04, 2012
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As filed with the Securities and Exchange Commission on May 4, 2012

Registration No. 333-180486

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT

Under
the Securities Act of 1933

SERVICENOW, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

7372
(Primary Standard Industrial
Classification Code Number)

20-2056195
(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 Sloodman

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)

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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 " "
Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer " "
Smaller reporting company " "

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)

Dated May 4, 2012

Shares

COMMON STOCK

ServiceNow, Inc. is offering shares of common stock and the selling stockholders are offering 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 \$ and \$ per share.

*We have applied to list our common stock 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.*

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PRICE \$ A SHARE

	<i>Price to Public</i>	<i>Underwriting Discounts and Commissions</i>	<i>Proceeds to ServiceNow</i>	<i>Proceeds to Selling Stockholders</i>
<i>Per Share</i>	\$	\$	\$	\$
<i>Total</i>	\$	\$	\$	\$

We and the selling stockholders have granted the underwriters the right to purchase up to an additional _____ 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

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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.

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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,

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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.

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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 commingled. 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.

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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.

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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 91% of our outstanding stock prior to this offering, will beneficially own approximately % 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. We plan to reincorporate into Delaware prior to the completion of this offering 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.

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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.

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THE OFFERING

Common stock offered

By us shares

By the selling stockholders shares

Total shares

Common stock to be outstanding after this offering shares (shares if the over-allotment option is exercised in full)

Over-allotment option shares (with shares being offered by us and 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.

Proposed 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:

36,670,579 shares of common stock issuable upon the exercise of outstanding options with a weighted-average exercise price of \$2.92 per share and 1,000,000 shares of common stock issuable pursuant to outstanding restricted stock units, or RSUs, under our 2005 Stock Plan;

4,588,309 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 immediately prior to the closing of this offering; and

25,000,000 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:

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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 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.

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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