

ServiceNow, Inc.
Form 10-Q
May 07, 2014

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

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2014

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 001-35580

SERVICENOW, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-2056195

(I.R.S. Employer
Identification Number)

ServiceNow, Inc.

3260 Jay Street

Santa Clara, California 95054

(408) 501-8550

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
As of March 31, 2014, there were approximately 143.4 million shares of the Registrant's Common Stock outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS

SERVICENOW, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$337,920	\$366,303
Short-term investments	317,842	268,251
Accounts receivable, net	107,932	108,339
Current portion of deferred commissions	32,887	31,123
Prepaid expenses and other current assets	32,044	23,733
Total current assets	828,625	797,749
Deferred commissions, less current portion	21,575	21,318
Long-term investments	268,635	255,356
Property and equipment, net	86,200	75,560
Intangible assets, net	5,771	5,796
Goodwill	8,689	8,724
Other assets	4,766	3,973
Total assets	\$1,224,261	\$1,168,476
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$22,664	\$7,405
Accrued expenses and other current liabilities	48,619	68,130
Current portion of deferred revenue	294,223	252,553
Total current liabilities	365,506	328,088
Deferred revenue, less current portion	14,249	14,169
Convertible senior notes, net	421,840	414,777
Other long-term liabilities	18,924	17,183
Total liabilities	820,519	774,217
Stockholders' equity:		
Common stock	143	140
Additional paid-in capital	626,382	573,791
Accumulated other comprehensive loss	(276) (476
Accumulated deficit	(222,507) (179,196
Total stockholders' equity	403,742	394,259
Total liabilities and stockholders' equity	\$1,224,261	\$1,168,476

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(in thousands, except share and per share data)

	Three Months Ended March 31,		
	2014	2013	
Revenues:			
Subscription	\$ 117,375	\$ 71,558	
Professional services and other	21,715	14,381	
Total revenues	139,090	85,939	
Cost of revenues ⁽¹⁾ :			
Subscription	31,189	18,312	
Professional services and other	21,925	13,996	
Total cost of revenues	53,114	32,308	
Gross profit	85,976	53,631	
Operating expenses ⁽¹⁾ :			
Sales and marketing	69,416	38,226	
Research and development	31,110	16,039	
General and administrative	21,631	12,279	
Total operating expenses	122,157	66,544	
Loss from operations	(36,181) (12,913)
Interest and other income (expense), net	(5,963) 119)
Loss before provision for income taxes	(42,144) (12,794)
Provision for income taxes	1,167	564	
Net loss	\$(43,311) \$(13,358)
Net loss per share - basic and diluted	\$(0.30) \$(0.10)
Weighted-average shares used to compute net loss per share - basic and diluted	142,060,025	129,782,029	
Other comprehensive income (loss):			
Foreign currency translation adjustments	\$ 175	\$ (1,166)
Unrealized gain on investments	25	13	
Tax effect	—	(33)
Other comprehensive income (loss), net of tax	200	(1,120)
Comprehensive loss	\$(43,111) \$(14,478)

(1) Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2014	2013
Cost of revenues:		
Subscription	\$ 3,076	\$ 1,794
Professional services and other	2,392	821
Sales and marketing		