

SILICON VALLEY BUSINESS JOURNAL

CHIEF FINANCIAL OFFICER

ServiceNow CFO scales with integrity and humility

MICHAEL P. SCARPELLI

CHIEF FINANCIAL OFFICER, SERVICENOW INC.



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C SUITE AWARDS

BY JENNIFER ELIAS

Mike Scarpelli is visibly uncomfortable.

The chief financial officer of ServiceNow Inc. doesn't like talking about himself, but mention his name to anyone who's crossed his path and you'll find out how he's modestly helped one of Silicon Valley's fastest growing companies reach not-so-modest increases.

"He has tough empathy and amazing attention to detail, which has just been remarkable," Nutanix CEO Djeeraj Pandey said about the CFO, who also sits on the board of San Jose-based Nutanix.

Besides Pleasanton-based Workday and tech giant Salesforce, ServiceNow is the only other software-as-a-service company that has been able to achieve the scale it has.

But if you bring up the fact that the company has managed to grow its revenue nearly 2,000 percent in the six years that Scarpelli has helmed its financial arm, he won't immediately take credit — instead, he'll start by describing the estimation as "starting off a low base" or that "percentage growth can be distorting."

At age 30, Scarpelli made partner at accounting firm Coopers & Lybrand. When he joined ServiceNow in 2011, the company's board thought that it would take up to two years to go public, but sev-

en months later, the company made its debut on Wall Street, thanks in part to Scarpelli.

His acumen for accurate revenue forecasts is apparent, considering that ServiceNow has yet to miss an earnings forecast since he joined the company in 2011.

Most recently, he estimated revenue for the 2017 year to reach a historic \$1.9 billion. While producing 25 percent free-cash flow margins the company has simultaneously, and impressively, grown its subscription revenue 38 percent: "It's really the whole team and the product started by founder Fred Luddy," Scarpelli said. "If any CFO tries to take credit for that, they're full of s---."

But colleagues like vice president of finance and corporate development Dominic Phillips beg to differ.

"[Scarpelli is] playing much more of a strategic role where he's heavily involved in the front aspect of the business with driving revenue and with customers, and I think that's pretty rare," Phillips said.

Scarpelli is as tough as he is humble, and for good reason: "When I first left a role in public accounting, I joined a company and uncovered a massive fraud where every executive was involved and I had to deal with litigation for three-and-a-half years," he said. "I saw what (bad) CEOs are like and CEOs who turn

ABOUT SCARPELLI

Chief Financial Officer
ServiceNow Inc.

Headquarters:
Santa Clara

Industry: Software

Description: Enterprise software delivering service management through the cloud to global enterprise companies.

Year company founded: 2004

Number of current employees:
6,000

2016 revenue:
\$1.4 billion

servicenow.com

First paying job: Picking rocks in a farmer's field.

Career path: Engineering services

a blind eye to things, and I just don't tolerate that."

Phillips said Scarpelli's integrity has set the tone from when he began at the company when it had 600 employees up to its 6,000 today. Scarpelli even takes on employee retention by mentoring his hires.

ServiceNow real estate vice president Robert Teed says Scarpelli's integrity is what drew him to join the company: "It's common for the brokerage community to invite clients out on events like golfing, but Mike just doesn't do that because he never wants to have any kind of question around why a decision was made," Teed said.