



Investor Presentation

Fourth Quarter 2021

Safe Harbor and Other Information

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, the effects of competition on our business and customer trends.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates” (including, without limitation, financial estimates denoted with an “E,” such as FY22E), “targets,” “guidance,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “prospects,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Additionally, these forward-looking statements, particularly our guidance, involve risk, uncertainties and assumptions based on information available to us as of 1/26/22, including those related to the continued impacts of COVID-19 on our business, future financial performance, global economic conditions and demand for digital transformation. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, material changes in the value of foreign currencies relative to the U.S. Dollar; the timeframes for and severity of social distancing and other government responses to COVID-19; the continued impact of COVID-19 on new or existing customers’ purchasing decisions and the length of our sales cycles, renewal timing or billings terms; and fluctuations and volatility in our stock price. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. Further information on these and other factors that could cause or contribute to such differences include, but are not limited to those discussed in the section titled “Risk Factors” in our Annual Report on Form 10-K that will be filed for the year ended December 31, 2021 and our most recent Quarterly Report on Form 10-Q and in our other Securities and Exchange Commission (“SEC”) filings. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts’ expectations, or to provide interim reports or updates on the progress of the current financial quarter.

This presentation includes certain non-GAAP financial measures and the corresponding growth rates as defined by SEC rules. For additional information, see the slide titled “Statement Regarding Use of Non-GAAP Financial Measures.”

Terms such as Remaining Performance Obligations (RPO), Current Remaining Performance Obligations (cRPO) and Renewal Rate shall have the meanings set forth in our filings with the SEC.

The information in this presentation on new products, features, or functionality is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The information on new products, features, and functionality is for informational purposes only and shall not be incorporated into any contract. The information on new products, features, and functionality is not a commitment, promise, or legal obligation to deliver any material, code or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

Statement Regarding Use of Non-GAAP Financial Measures

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

We adjust revenues, and related growth rates, and current remaining performance obligations and remaining performance obligations and related growth rates for constant currency to provide a framework for assessing how our business performed excluding the effect of foreign currency rate fluctuations. To present this information, current period results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect for the comparison period, rather than the actual exchange rates in effect for the current period. We believe the presentation of revenues and corresponding growth rates adjusted for constant currency facilitates the comparison of revenues year-over-year. We believe the presentation of current remaining performance obligations and remaining performance obligations growth rates adjusted for constant currency facilitates the comparison of current remaining performance obligations and remaining performance obligations year-over-year, respectively.

We define subscription billings, professional services and other billings, and total billings as the applicable revenue plus the applicable change in deferred revenue, unbilled receivables and customer deposits as presented or derived from the statement of cash flows. We adjust billings and related growth rates for constant currency, as described above, and for constant duration by replacing the portion of multi-year billings in excess of twelve months during the current period with the portion of multi-year billings in excess of twelve months during the comparison period. We believe these adjustments facilitate greater comparability in our billings information year-over-year. Our non-GAAP presentation of normalized subscription billings growth rate adjusts for an irregular payment cycle in 2020 where some customers paid us in both Q1 and Q4 2020. In Q4 2020, we received a substantial amount of subscription billings pulled forward from Q1 2021 due to early customer payments. We believe the high levels of early payments were the result of customers having excess cash at the end of 2020, due to the incremental cost savings they experienced from COVID-19 and are one-time in nature. We believe normalized subscription billings growth rate adjusted for these early payments is a better indicator of our performance and underlying business trends for the current period and facilitates greater comparability in our subscription billings information year-over-year. While we believe billings is one indicator of the performance of our business, an increase or decrease in billings may not reflect the actual performance for that reporting period. As a result, our billings metric has become less indicative of the actual performance of our business over time and we do not plan to disclose this metric in future.

Our non-GAAP presentation of gross profit, income from operations, and net income measures exclude certain non-cash or non-recurring items, including stock-based compensation expense, amortization of debt discount and issuance costs related to our convertible senior notes, loss on early note conversions, amortization of purchased intangibles, legal settlements, business combination and other related costs, the related income tax effect of these adjustments. The non-GAAP weighted-average shares used to compute our non-GAAP net income per share - diluted excludes the dilutive effect of the in-the-money portion of convertible senior notes as they are covered by our note hedges, and includes the dilutive effect of time-based stock awards, the dilutive effect of warrants and the potentially dilutive effect of our stock awards with performance conditions not yet satisfied at forecasted attainment levels to the extent we believe it is probable that the performance condition will be met. We believe these adjustments provide useful supplemental information to investors and facilitates the analysis of our operating results and comparison of operating results across reporting periods.

Free cash flow, which is a non-GAAP financial measure, is defined as net cash provided by (used in) operating activities plus cash paid for legal settlements, repayments of convertible senior notes attributable to debt discount and business combination and other related costs including compensation expense, reduced by purchases of property and equipment. Free cash flow margin is calculated as free cash flow as a percentage of total revenues. We believe information regarding free cash flow and free cash flow margin provides useful information to investors because it is an indicator of the strength and performance of our business operations.

Our presentation of non-GAAP financial measures may not be comparable to similar measures used by other companies. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business. Please see the tables included at the end of this presentation for the reconciliation of GAAP and non-GAAP results.

We make the world work better for everyone™



ServiceNow helps digitize and unify organizations so that they can find smarter, faster, better ways to make work flow.



Our 7,400+ global enterprise customers include approximately 80% of the Fortune 500. They all rely on ServiceNow solutions using the Now Platform—the intelligent and intuitive cloud platform—for successful digital transformation.



Our aspiration is to be the defining enterprise software company of the 21st century.



©2021 FORTUNE Media IP Limited. All rights reserved. Used under license. FORTUNE and FORTUNE World's Most Admired Companies are registered trademarks of FORTUNE Media IP Limited and are used under license. FORTUNE is not affiliated with, and does not endorse the products or services of, ServiceNow.

©2021 FORTUNE Media IP Limited. All rights reserved. Used under license. Future 50 is a trademark of FORTUNE Media IP Limited and is used under license. FORTUNE and FORTUNE Media IP Limited are not affiliated with, and do not endorse products or services of, ServiceNow.

From FORTUNE ©2021 FORTUNE Media IP Limited. All rights reserved. Used under license. FORTUNE and FORTUNE 100 Best Companies to Work For are registered trademarks of Fortune Media IP Limited and are used under license. FORTUNE and Fortune Media IP Limited are not affiliated with, and do not endorse products or services of, ServiceNow.



Now Platform®: The platform of platforms for digital transformation



IT Workflows

Transform your business with workflows that optimize productivity and resilience.



Employee Workflows

Create connected and engaging experiences for your employees.



Customer Workflows

Connect your customer operations to boost loyalty.



Creator Workflows

Build connected cross-enterprise workflow apps fast.

Q4-21 Financial Highlights

Q4 2021 Results	Quarterly Results	Increase (Decrease) Y/Y	Currency & Duration Impact Y/Y ⁽¹⁾	Non-GAAP Increase (Decrease) Y/Y ⁽²⁾
Subscription Revenues	\$1,523M	29%	~100bps headwind from Currency	30%
Non-GAAP Subscription Billings ⁽³⁾ Non-GAAP Normalized Subscription Billings	\$2,420M	32% 38%	~100bps headwind from Currency & Duration	33% ⁽⁴⁾
Current RPO (cRPO)	\$5.7B	29%	~300bps headwind from Currency	32%
Remaining Performance Obligations (RPO)	\$11.5B	29%	~300bps headwind from Currency	32%
Non-GAAP Operating Margin ⁽³⁾	23%	~100bps	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	46%	~100bps	NA	NA

(1) Currency impact on subscription revenues, non-GAAP subscription billings, current RPO, and RPO growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period. Duration impact on subscription billings growth rate represents the impact of billings greater than 12 months in excess of the comparison period.

(2) Non-GAAP growth rates for subscription revenues, cRPO and RPO are adjusted for constant currency. Non-GAAP growth rate for adjusted subscription billings is adjusted for constant currency and constant duration. See slides 10-12 for additional discussion of non-GAAP subscription revenues and adjusted subscription billings and their corresponding growth rates. See slide 13 for additional discussion of non-GAAP cRPO and RPO and their corresponding growth rates. See appendix for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

(4) Represents growth rate for non-GAAP adjusted subscription billings only.

Note: Numbers rounded for presentation purposes.

FY21 Financial Highlights

FY 2021 Results	Annual Results	Increase (Decrease) Y/Y	Currency & Duration Impact Y/Y ⁽¹⁾	Non-GAAP Increase (Decrease) Y/Y ⁽²⁾
Subscription Revenues	\$5,573M	30%	~200bps tailwind from Currency	28%
Non-GAAP Subscription Billings ⁽³⁾ Non-GAAP Normalized Subscription Billings	\$6,494M	30% 34%	~200bps tailwind from Currency & Duration	28% ⁽⁴⁾
Current RPO (cRPO)	\$5.7B	29%	~300bps headwind from Currency	32%
Remaining Performance Obligations (RPO)	\$11.5B	29%	~300bps headwind from Currency	32%
Non-GAAP Operating Margin ⁽³⁾	25%	~50bps	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	32%	(~50bps)	NA	NA

(1) Currency impact on subscription revenues, non-GAAP subscription billings, current RPO, and RPO growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period. Duration impact on subscription billings growth rate represents the impact of billings greater than 12 months in excess of the comparison period.

(2) Non-GAAP growth rates for subscription revenues, cRPO and RPO are adjusted for constant currency. Non-GAAP growth rate for adjusted subscription billings is adjusted for constant currency and constant duration. See slides 10-12 for additional discussion of non-GAAP subscription revenues and adjusted subscription billings and their corresponding growth rates. See slide 13 for additional discussion of non-GAAP cRPO and RPO and their corresponding growth rates. See appendix for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

(4) Represents growth rate for non-GAAP adjusted subscription billings only.

Note: Numbers rounded for presentation purposes.

Guidance Summary

Q1 2022	Quarterly Guidance	Increase (Decrease) Y/Y	Currency Impact Y/Y Included in Guidance ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$1,610M - \$1,615M	25%	~250bps headwind	27.5%
Non-GAAP Operating Margin ⁽³⁾	25%	(~250bps)	NA	NA
Current RPO (cRPO) Growth	28%	NA	~150bps headwind	29.5%

Full-Year 2022	Full-Year Guidance	Increase (Decrease) Y/Y	Currency Impact Y/Y Included in Guidance ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$7,020M - \$7,040M	26%	~200bps headwind	28%
Non-GAAP Subscription Gross Margin ⁽³⁾	86%	~100bps	NA	NA
Non-GAAP Operating Margin ⁽³⁾	25%	~Flat	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	31%	(~50bps)	NA	NA

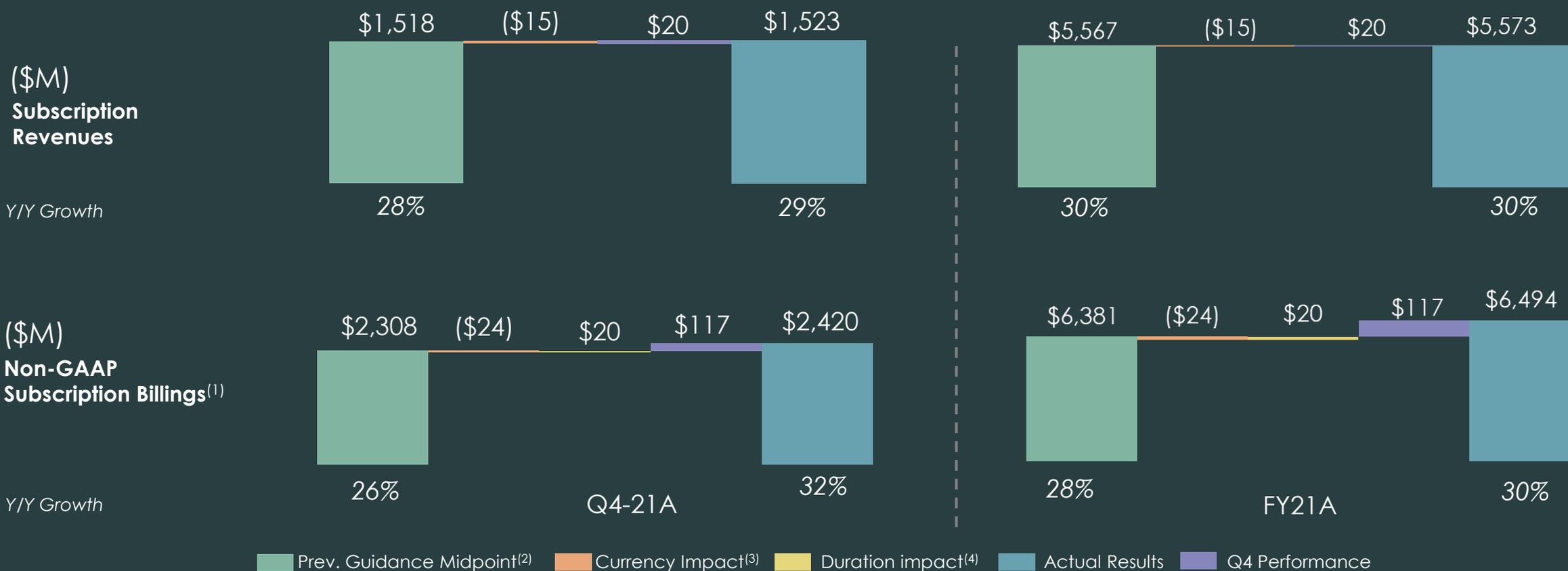
(1) Currency impact on subscription revenues and current RPO growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period.

(2) Growth rate are calculated on a Non-GAAP basis. See appendix for reconciliation of Non-GAAP financial measures to the most comparable GAAP measures.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Note: Numbers rounded for presentation purposes.

Comparison to Previously Issued Guidance



(1) Subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

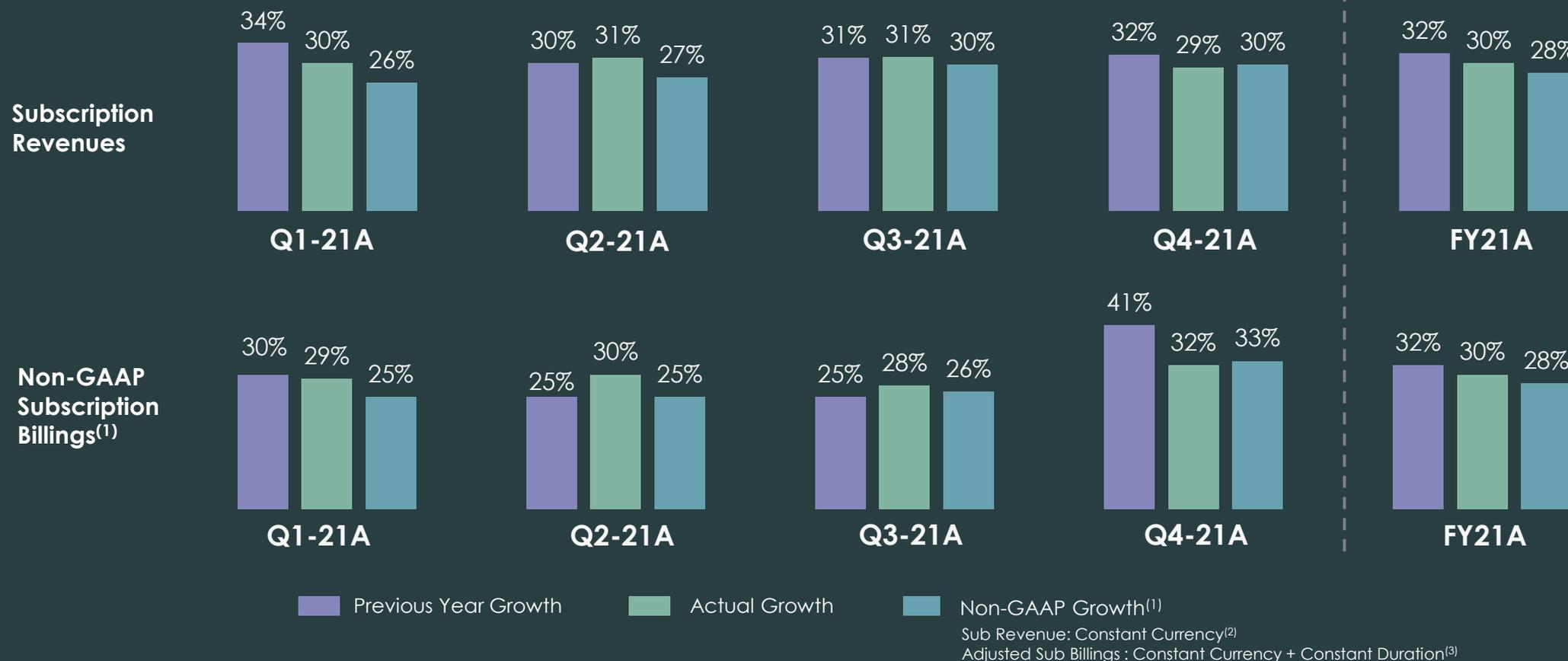
(2) Refers to previously issued financial guidance dated 10/27/21.

(3) GAAP subscription revenues and non-GAAP subscription billings included in our previous guidance are based on September foreign exchange rates for entities reporting in currencies other than U.S. Dollars. Currency impact in Q4 2021 and full-year 2021 represents the impact of the difference between the actual average rates in the period used to calculate our Q4 2021 and full-year 2021 actual results and September foreign exchange rates assumed in our previously issued guidance dated 10/27/21.

(4) Duration impact represents the impact of billings greater than 12 months in excess of guidance assumptions.

Note: Numbers rounded for presentation purposes and may not foot.

Year-Over-Year Subscription Revenues and Subscription Billings Growth



(1) Non-GAAP subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth rates are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

(2) Non-GAAP subscription revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rate for the current period.

(3) Non-GAAP adjusted subscription billings and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period, and by replacing the portion of multi-year billings in excess of twelve months during the current period with the portion of multi-year billings in excess of twelve months during the comparison period.

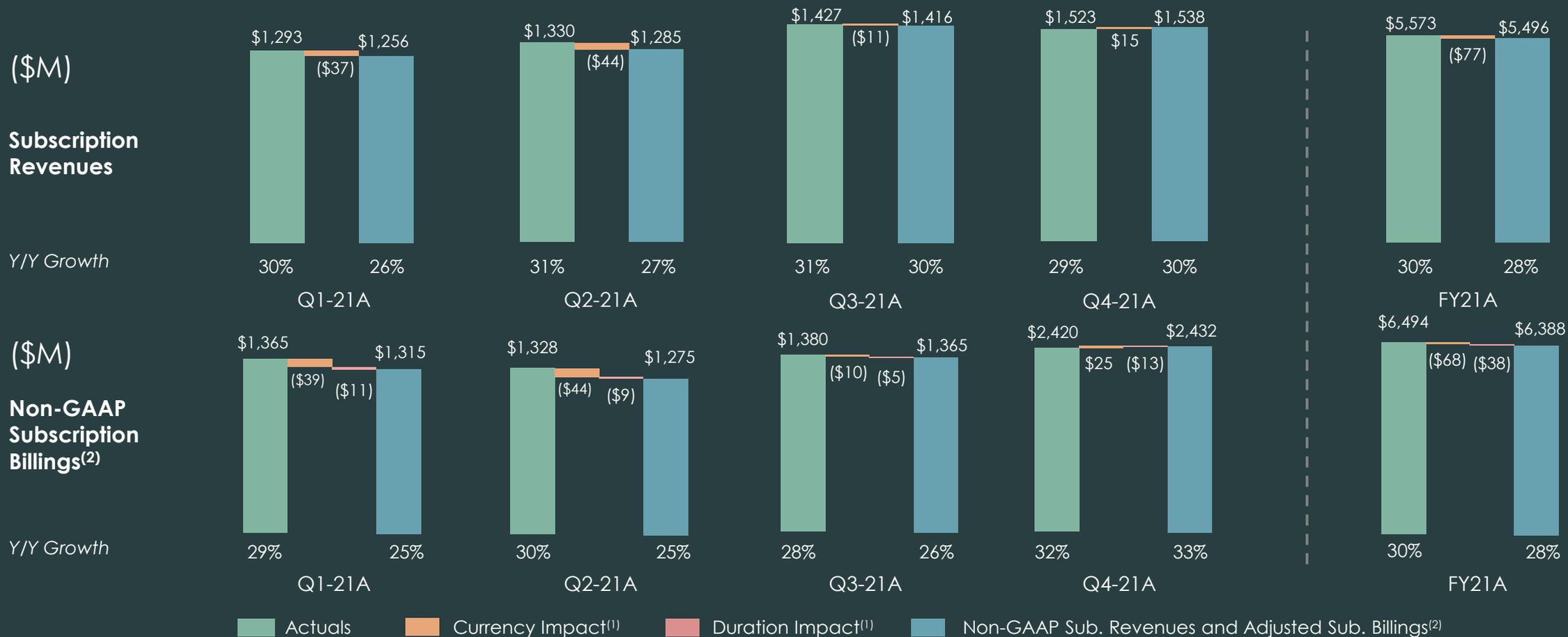
Note: Numbers rounded for presentation purposes and may not foot.

Comparison of Constant Currency Subscription Revenues Growth Guidance to Prior Year Results



(1) Constant currency subscription revenues growth rates are calculated on a non-GAAP basis and derived by applying the average exchange rates in effect during the comparison period rather than the exchange rate for the current period. See appendix for reconciliation of non-GAAP financial measures.
Note: Numbers rounded for presentation purposes.

Currency and Duration Impact to Year-Over-Year Sub. Revenues and Sub. Billings



(1) Non-GAAP subscription revenues and corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period. Non-GAAP adjusted subscription billings and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period, and by replacing the portion of multi-year billings in excess of twelve months during the current period with the portion of the multi-year billings in excess of twelve months during the comparison period.

(2) Non-GAAP subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Note: Numbers rounded for presentation purposes and may not foot.

Remaining Performance Obligations

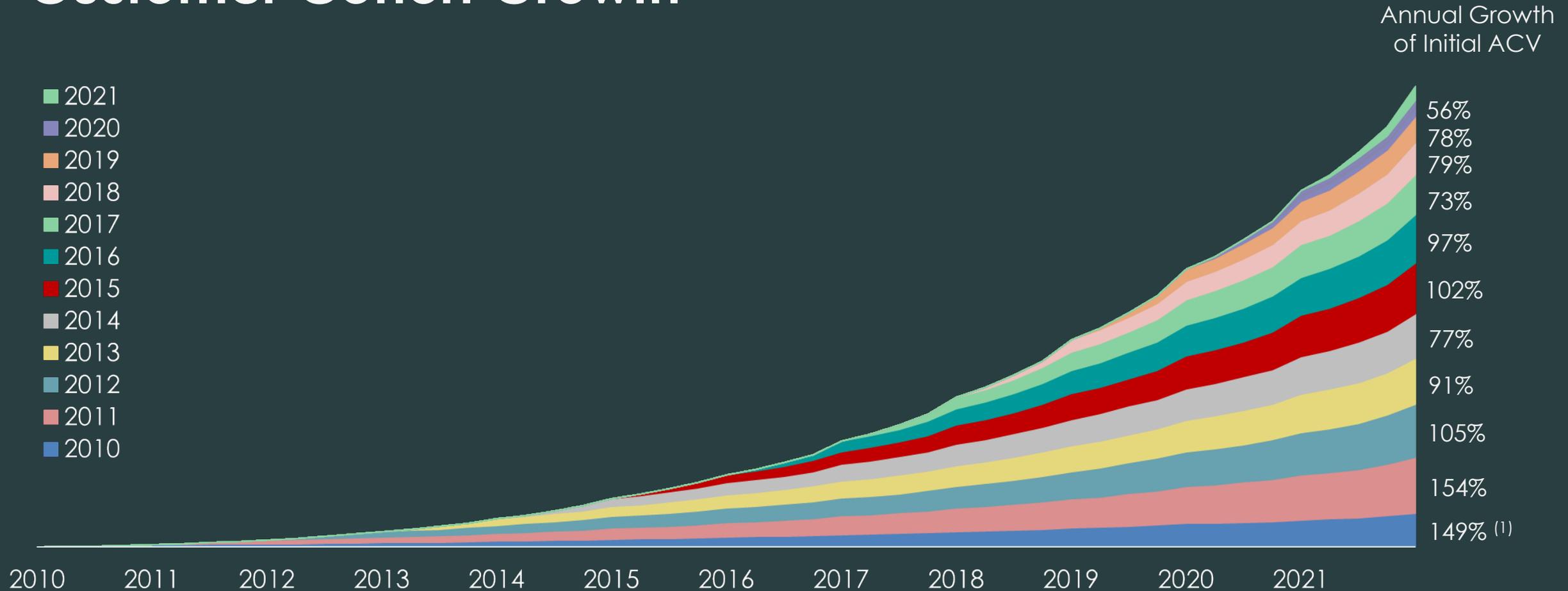


cRPO Y/Y Growth	33%	33%	34%	32%	29%
cRPO cc ⁽¹⁾ Y/Y Growth	30%	29%	31%	32%	32%

(1) The total RPO and current RPO growth rates adjusted for constant currency are calculated on a non-GAAP basis. Results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect at the end of the comparison period, rather than the actual exchange rates in effect at the end of the current period. See appendix for reconciliation to non-GAAP financial measures.

Note: Numbers rounded for presentation purposes.

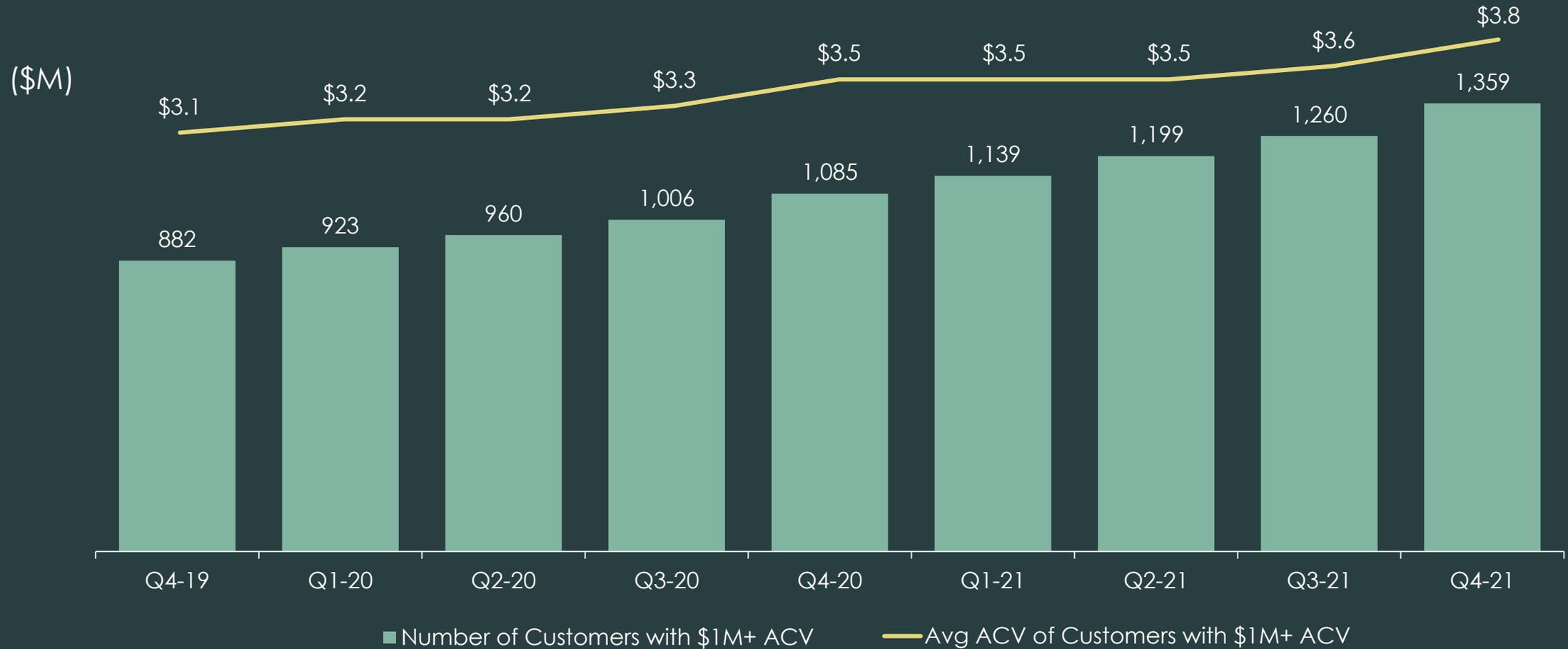
Customer Cohort Growth



(1) As an illustrative example, 2010 customer cohort started with a contract of initial ACV (annual contract value) of \$100 and grew to ACV of \$1,739 as of Q4-21, representing annual growth of initial ACV of 149%.

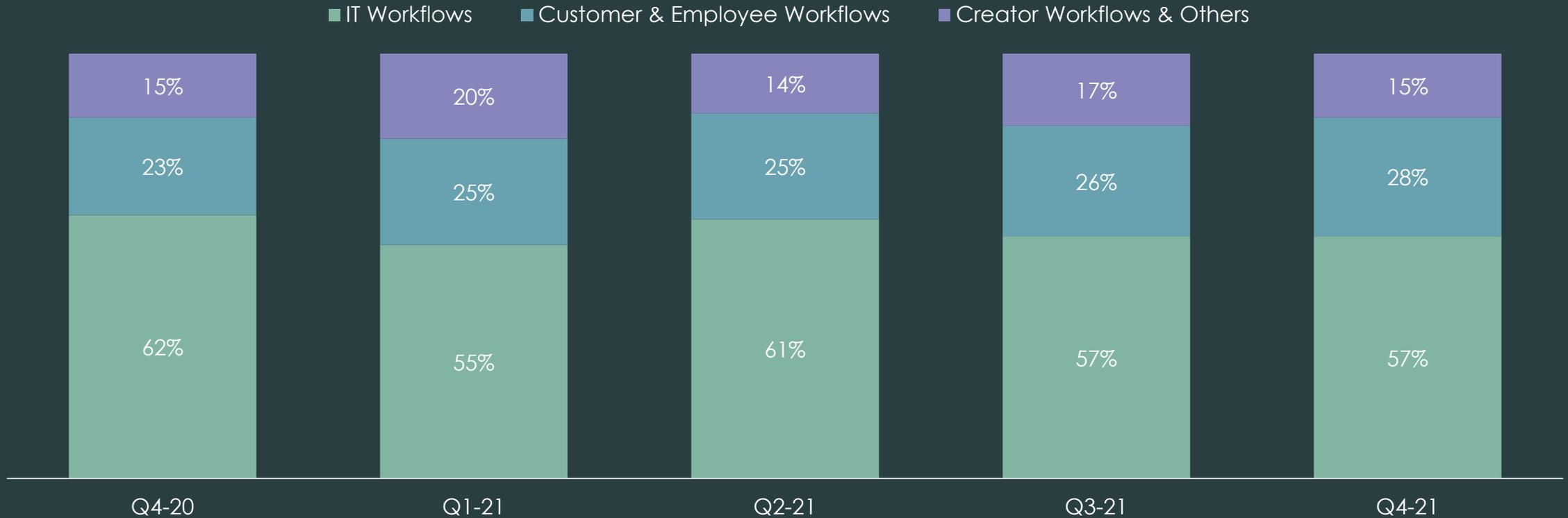
Note: Chart reflects growth in total annual contract value over time, inclusive of losses, for the group of customers that joined ServiceNow in each respective year. Annual Growth represents increases in total annual contract value after the initial contract of each customer.

Expansion of Customer Relationships



Note: Previously disclosed number of customers with ACV greater than \$1 million is restated to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was entered into. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

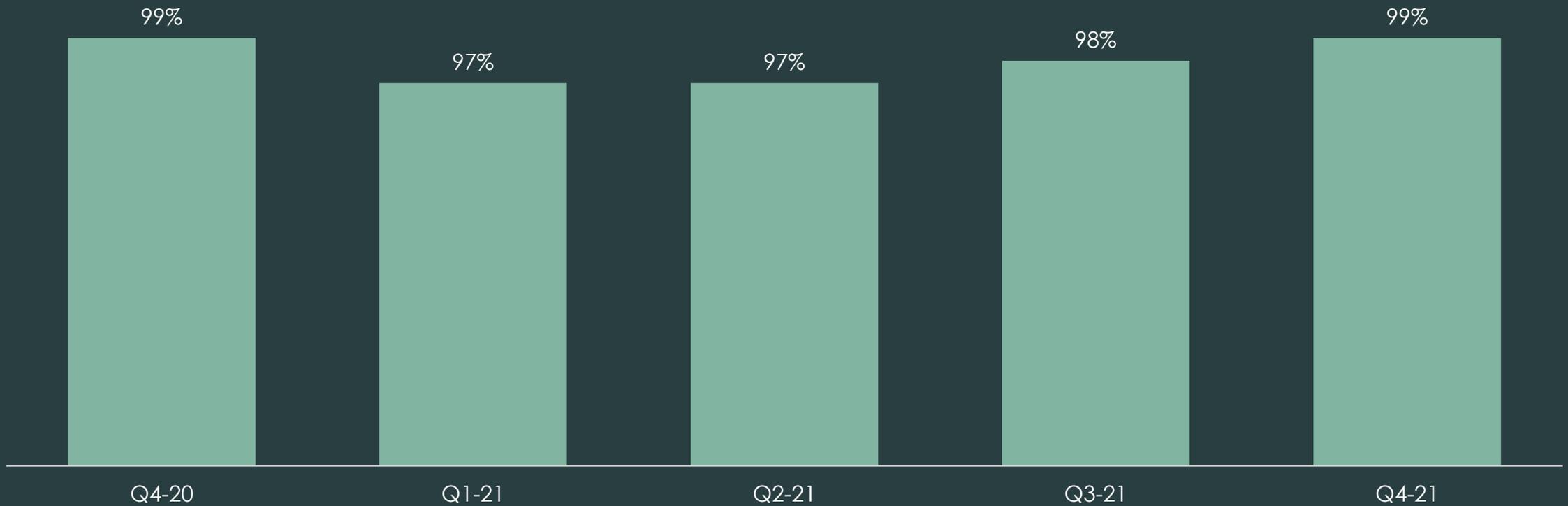
Net New ACV Contribution Across Workflows and Products⁽¹⁾



(1) Historical presentations disclosed net new ACV contribution across products and are not comparable to net new ACV contribution across workflows and products disclosed herein.

Note: IT Workflows include IT Service Mgmt, IT Operations Mgmt, IT Business Mgmt, IT Asset Mgmt, Security Operations, Governance, Risk and Compliance, Telecom Network Performance Mgmt, and others. Customer and Employee Workflows include Customer Service Mgmt, Field Service Mgmt, Financial Services Operations, Telecom Service Mgmt, HR Service Delivery, Workplace Service Delivery, Legal Service Delivery, Procurement Service Mgmt, Safe Workplace Suite, and others. Creator Workflows & Others include App Engine, IntegrationHub, and others.

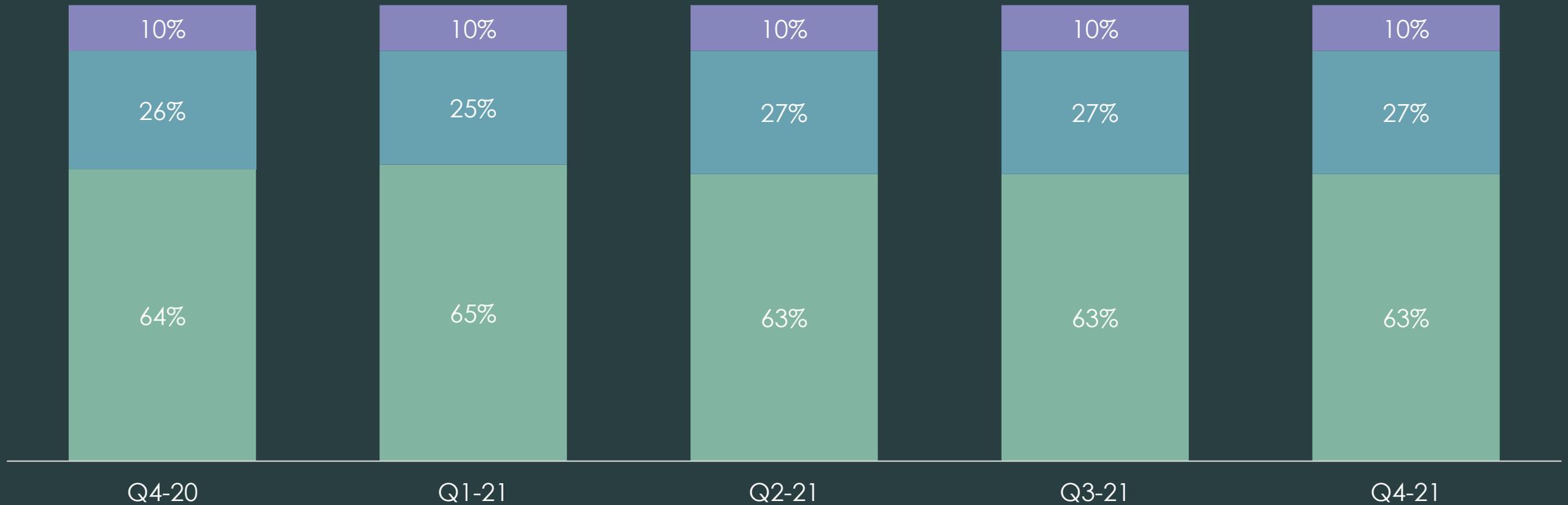
Renewal Rate



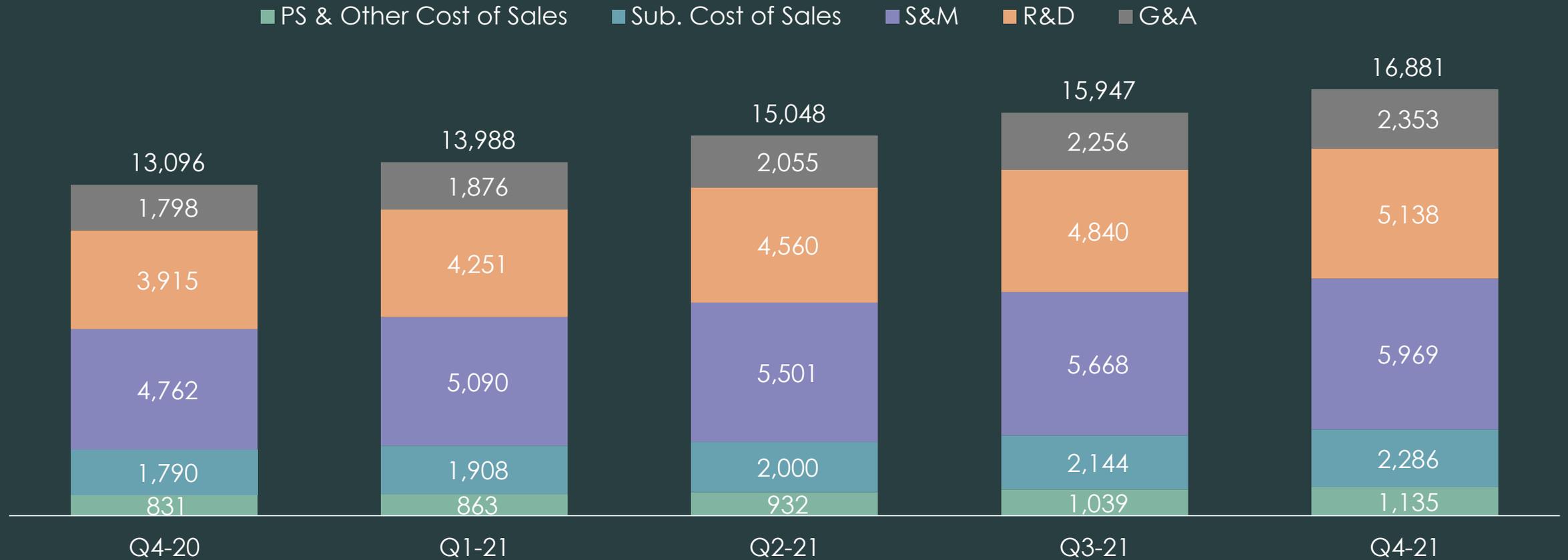
Note: We adjust our Renewal Rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Additionally, starting in 2020, we simplified our methodology related to contracts less than 12 months to derive ACV used to calculate Renewal Rate. Previously disclosed renewal rates may be restated to reflect such adjustments or methodology simplification to allow for comparability.

GAAP Revenues by Geography

■ North America ■ EMEA ■ APAC & Other

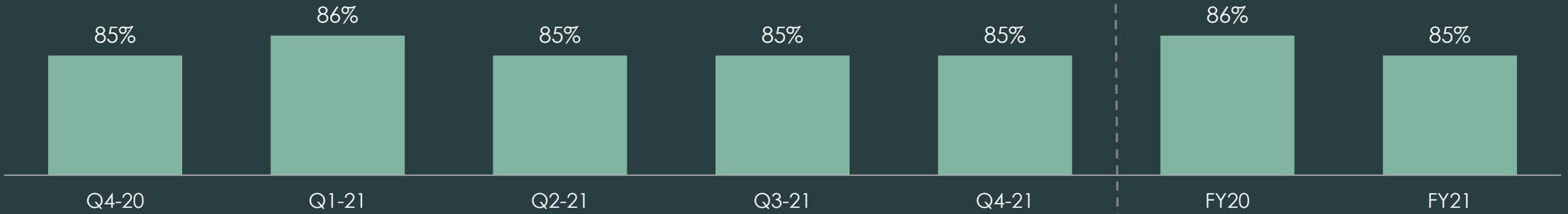


Headcount by Department



Non-GAAP Gross Margins

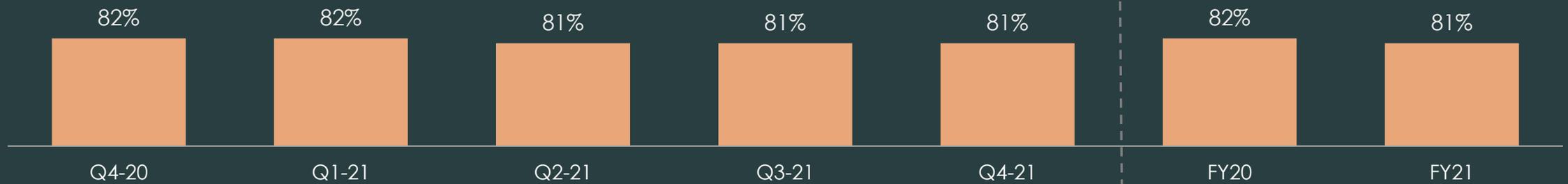
Non-GAAP Subscription Gross Margin



Non-GAAP PS & Other Gross Margin



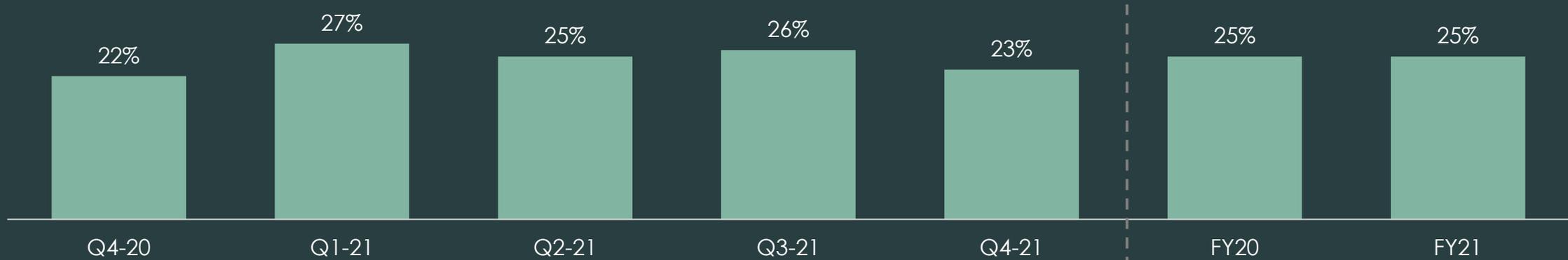
Non-GAAP Total Gross Margin



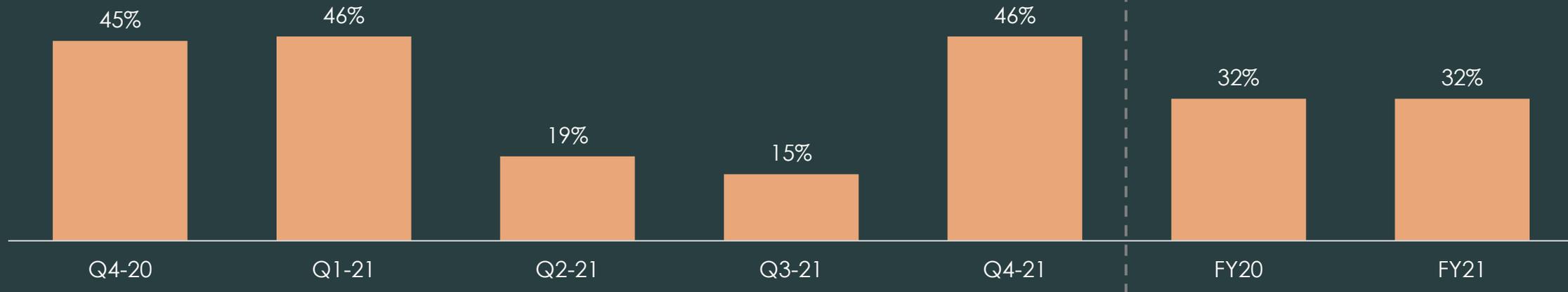
Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Operating and Free Cash Flow Margins

Non-GAAP Operating Margin



Non-GAAP Free Cash Flow Margin



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Net Income and Diluted EPS

Non-GAAP Net Income (\$M)



Non-GAAP Diluted EPS



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation – Revenues and Billings

in millions (except %'s)	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Q1-22E Midpoint	2022E Midpoint
GAAP Subscription Revenues	\$ 995	\$ 1,015	\$ 1,091	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427	\$ 1,523	\$ 5,573	\$ 1,613	\$ 7,030
(+) Effects of Foreign Currency Rate Fluctuations	12	12	(14)	(23)	(14)	(37)	(45)	(11)	15	(77)	35	110
Non-GAAP Subscription Revenues⁽¹⁾	\$ 1,006	\$ 1,027	\$ 1,077	\$ 1,161	\$ 4,272	\$ 1,256	\$ 1,285	\$ 1,416	\$ 1,538	\$ 5,496	\$ 1,648	\$ 7,140
<i>YoY Non-GAAP Subscription Revenues Growth Rates⁽¹⁾</i>	36%	32%	29%	29%	31%	26%	27%	30%	30%	28%	27%	28%
GAAP Subscription Revenues	\$ 995	\$ 1,015	\$ 1,091	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427	\$ 1,523	\$ 5,573	N/A	N/A
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	60	3	(10)	643	696	72	(2)	(47)	897	921	N/A	N/A
Non-GAAP Subscription Billings	\$ 1,055	\$ 1,018	\$ 1,081	\$ 1,827	\$ 4,982	\$ 1,365	\$ 1,328	\$ 1,380	\$ 2,420	\$ 6,494	N/A	N/A
<i>YoY Non-GAAP Subscription Billings Growth Rates</i>	30%	25%	25%	41%	32%	29%	30%	28%	32%	30%	N/A	N/A
(+) Effects of Foreign Currency Rate Fluctuations	12	12	(13)	(31)	(20)	(39)	(44)	(10)	25	(68)	N/A	N/A
(+) Effects of Fluctuations in Billings Duration	(2)	3	-	-	-	(11)	(9)	(5)	(13)	(38)	N/A	N/A
Non-GAAP Adjusted Subscription Billings⁽²⁾	\$ 1,065	\$ 1,033	\$ 1,068	\$ 1,796	\$ 4,963	\$ 1,315	\$ 1,275	\$ 1,365	\$ 2,432	\$ 6,388	N/A	N/A
<i>YoY Non-GAAP Adjusted Subscription Billings Growth Rates⁽²⁾</i>	32%	26%	24%	38%	31%	25%	25%	26%	33%	28%	N/A	N/A
GAAP Professional Services and Other Revenues	\$ 51	\$ 56	\$ 61	\$ 66	\$ 233	\$ 67	\$ 79	\$ 85	\$ 91	\$ 323	N/A	N/A
(+/-) Change in Professional Services and Other Deferred Revenues	(4)	6	(2)	13	13	3	10	(1)	22	33	N/A	N/A
Non-GAAP Professional Services and Other Billings	\$ 48	\$ 62	\$ 59	\$ 80	\$ 247	\$ 70	\$ 89	\$ 84	\$ 113	\$ 356	N/A	N/A
GAAP Total Revenues	\$ 1,046	\$ 1,071	\$ 1,152	\$ 1,250	\$ 4,519	\$ 1,360	\$ 1,409	\$ 1,512	\$ 1,614	\$ 5,896	N/A	N/A
(+/-) Change in Total Deferred Revenue, Unbilled Receivables, and Customer Deposits	57	8	(12)	657	710	75	8	(47)	919	954	N/A	N/A
Non-GAAP Total Billings	\$ 1,103	\$ 1,079	\$ 1,140	\$ 1,907	\$ 5,229	\$ 1,435	\$ 1,417	\$ 1,465	\$ 2,533	\$ 6,850	N/A	N/A

⁽¹⁾ Non-GAAP revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the actual average exchange rates in effect during the current period or the exchange rates for the guidance period.

⁽²⁾ Adjusted billings and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the actual average exchange rates in effect during the current period or the exchange rates for the guidance period, and by replacing the portion of multi-year billings in excess of twelve months during the current/guidance period with the portion of multi-year billings in excess of twelve months during the comparison period.

GAAP to Non-GAAP Reconciliation – Remaining Performance Obligations

in billions (except %'s)

	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Q1-22E
GAAP Current Remaining Performance Obligations at Period End	\$ 3.3	\$ 3.5	\$ 3.8	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.7	\$ 5.0	\$ 5.7	\$ 5.7	N/A
<i>YoY Current Remaining Performance Obligations Growth Rates⁽³⁾</i>	N/A	N/A	28%								
(+) Effects of Foreign Currency Rate Fluctuations	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	0.1	0.1	1.5%
Non-GAAP Current Remaining Performance Obligations at Period End⁽³⁾	\$ 3.4	\$ 3.6	\$ 3.7	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.6	\$ 5.0	\$ 5.8	\$ 5.8	N/A
<i>YoY Non-GAAP Current Remaining Performance Obligations Growth Rates⁽³⁾</i>	33%	32%	30%	30%	30%	29%	31%	32%	32%	32%	29.5%
GAAP Remaining Performance Obligations at Period End	\$ 6.6	\$ 7.0	\$ 7.3	\$ 8.9	\$ 8.9	\$ 8.8	\$ 9.5	\$ 9.7	\$ 11.5	\$ 11.5	N/A
(+) Effects of Foreign Currency Rate Fluctuations	0.1	0.1	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	-	0.3	0.3	N/A
Non-GAAP Remaining Performance Obligations at Period End⁽³⁾	\$ 6.7	\$ 7.1	\$ 7.1	\$ 8.7	\$ 8.7	\$ 8.6	\$ 9.3	\$ 9.7	\$ 11.8	\$ 11.8	N/A
<i>YoY Non-GAAP Remaining Performance Obligations Growth Rates⁽³⁾</i>	32%	31%	28%	31%	31%	30%	33%	34%	32%	32%	N/A

(3) Non-GAAP current remaining performance obligations, remaining performance obligations and the corresponding growth rates are derived by applying the exchange rates in effect at the end of the comparison period rather than the actual exchange rates in effect at the end of the current period

GAAP to Non-GAAP Reconciliation – Billings, Normalized Billings

in millions (except %'s)	Q4-20	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021
GAAP Subscription Revenues	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427	\$ 1,523	\$ 5,573
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	643	696	72	(2)	(47)	897	921
Non-GAAP Subscription Billings	\$ 1,828	\$ 4,982	\$ 1,365	\$ 1,328	\$ 1,380	\$ 2,420	\$ 6,494
<i>YoY Non-GAAP Subscription Billings Growth Rates</i>	41%	32%	29%	30%	28%	32%	30%
(+/-) Effects of Early Customer Payments	(80)	(80)	80	N/A	N/A	-	80
Non-GAAP Normalized Subscription Billings⁽¹⁾	\$ 1,748	\$ 4,902	\$ 1,445	N/A	N/A	\$ 2,420	\$ 6,574
<i>YoY Non-GAAP Normalized Subscription Billings Growth Rates</i>	35%	29%	37%	N/A	N/A	38%	34%

(1) Our non-GAAP presentation of normalized subscription billings growth rate adjusts for an irregular payment cycle in 2020 where some customers paid us in both Q1 and Q4 2020. In Q4 2020, we received a substantial amount of subscription billings pulled forward from Q1 2021 due to early customer payments. We believe the high levels of early payments were the result of customers having excess cash at the end of 2020, due to the incremental cost savings they experienced from COVID-19 and are one-time in nature.

GAAP to Non-GAAP Reconciliation – Other

in millions (except %'s and per share data)	Q1-20	Margin	Q2-20	Margin	Q3-20	Margin	Q4-20	Margin	2020	Margin	Q1-21	Margin	Q2-21	Margin	Q3-21	Margin	Q4-21	Margin	2021	Margin	Q1'22E	Margin	2022E	Margin
GAAP Subscription Gross Profit	\$ 835	84%	\$ 843	83%	\$ 902	83%	\$ 974	82%	\$ 3,555	83%	\$ 1,065	82%	\$ 1,082	81%	\$ 1,163	81%	\$ 1,241	82%	\$ 4,551	82%	N/A	N/A	N/A	83%
(+) Subscription SBC	22	2%	25	2%	26	2%	26	2%	98	2%	29	2%	33	3%	33	2%	33	2%	128	2%	N/A	N/A	N/A	2%
(+) Subscription Amort of Purchased Intangibles	7	1%	12	2%	9	1%	8	1%	36	1%	12	1%	14	1%	17	1%	21	1%	64	1%	N/A	N/A	N/A	1%
Non-GAAP Subscription Gross Profit	\$ 864	87%	\$ 880	87%	\$ 937	86%	\$ 1,008	85%	\$ 3,689	86%	\$ 1,106	86%	\$ 1,129	85%	\$ 1,213	85%	\$ 1,295	85%	\$ 4,743	85%	N/A	N/A	N/A	86%
GAAP Professional Services and Other Gross Loss	\$ (12)	(23%)	\$ (5)	(10%)	\$ (2)	(3%)	\$ (3)	(5%)	\$ (23)	(10%)	\$ (4)	(6%)	\$ (2)	(3%)	\$ (1)	(1%)	\$ (2)	(2%)	\$ (8)	(2%)	N/A	N/A	N/A	N/A
(+) Professional Services and Other SBC	12	23%	13	23%	13	22%	14	21%	52	22%	13	19%	15	19%	15	18%	16	17%	59	18%	N/A	N/A	N/A	N/A
Non-GAAP Professional Services and Other Gross Profit (Loss)	\$ 0	0%	\$ 8	13%	\$ 11	19%	\$ 11	16%	\$ 29	12%	\$ 9	14%	\$ 13	17%	\$ 14	17%	\$ 14	15%	\$ 51	16%	N/A	N/A	N/A	N/A
GAAP Gross Profit	\$ 823	79%	\$ 838	78%	\$ 900	78%	\$ 971	78%	\$ 3,532	78%	\$ 1,061	78%	\$ 1,080	77%	\$ 1,162	77%	\$ 1,239	77%	\$ 4,543	77%	N/A	N/A	N/A	N/A
(+) SBC	34	3%	38	4%	39	3%	40	3%	150	3%	42	3%	48	3%	48	3%	49	3%	187	3%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	7	1%	12	1%	9	1%	8	1%	36	1%	12	1%	14	1%	17	1%	21	1%	64	1%	N/A	N/A	N/A	N/A
Non-GAAP Gross Profit	\$ 864	83%	\$ 888	83%	\$ 948	82%	\$ 1,019	82%	\$ 3,718	82%	\$ 1,115	82%	\$ 1,142	81%	\$ 1,227	81%	\$ 1,309	81%	\$ 4,794	81%	N/A	N/A	N/A	N/A
GAAP Sales and Marketing	\$ 441	42%	\$ 426	40%	\$ 454	39%	\$ 534	43%	\$ 1,855	41%	\$ 524	39%	\$ 557	40%	\$ 579	38%	\$ 632	39%	\$ 2,292	39%	N/A	N/A	N/A	N/A
(-) Sales and Marketing SBC	70	7%	79	7%	79	7%	92	7%	320	7%	93	7%	99	7%	101	7%	96	6%	389	7%	N/A	N/A	N/A	N/A
(-) Sales and Marketing Amort of Purchased Intangibles	0	0%	0	0%	-	0%	(1)	0%	1	0%	0	0%	-	0%	0	0%	0	0%	1	0%	N/A	N/A	N/A	N/A
Non-GAAP Sales and Marketing	\$ 371	35%	\$ 347	32%	\$ 375	32%	\$ 441	36%	\$ 1,534	34%	\$ 431	32%	\$ 458	33%	\$ 478	32%	\$ 536	33%	\$ 1,902	32%	N/A	N/A	N/A	N/A
GAAP Research and Development	\$ 227	22%	\$ 245	23%	\$ 268	23%	\$ 284	23%	\$ 1,024	23%	\$ 314	23%	\$ 333	24%	\$ 358	24%	\$ 392	24%	\$ 1,397	24%	N/A	N/A	N/A	N/A
(-) Research and Development SBC	59	6%	70	7%	74	6%	79	6%	282	6%	88	6%	98	7%	102	7%	107	7%	395	7%	N/A	N/A	N/A	N/A
(-) Research and Development Amort of Purchased Intangibles	0	0%	0	0%	1	0%	0	0%	2	0%	1	0%	-	0%	-	0%	1	0%	1	0%	N/A	N/A	N/A	N/A
(-) Research and Development Business Combination and Other Related Costs	-	0%	-	0%	-	0%	0	0%	-	0%	-	0%	1	0%	4	0%	5	0%	10	0%	N/A	N/A	N/A	N/A
Non-GAAP Research and Development	\$ 168	16%	\$ 175	16%	\$ 193	17%	\$ 205	17%	\$ 740	17%	\$ 225	17%	\$ 234	17%	\$ 252	17%	\$ 279	18%	\$ 991	17%	N/A	N/A	N/A	N/A
GAAP General and Administrative	\$ 106	10%	\$ 104	10%	\$ 109	9%	\$ 135	11%	\$ 454	10%	\$ 126	9%	\$ 139	10%	\$ 151	10%	\$ 180	11%	\$ 597	10%	N/A	N/A	N/A	N/A
(-) General and Administrative SBC	26	2%	30	3%	28	2%	34	3%	118	3%	33	2%	37	3%	40	3%	50	3%	160	3%	N/A	N/A	N/A	N/A
(-) General and Administrative Amort of Purchased Intangibles	3	0%	2	0%	-	0%	2	0%	7	0%	4	0%	2	0%	2	0%	2	0%	10	0%	N/A	N/A	N/A	N/A
(-) General and Administrative Business Combination and Other Related Costs	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	3	0%	2	0%	1	0%	8	0%	N/A	N/A	N/A	N/A
Non-GAAP General and Administrative	\$ 74	7%	\$ 71	7%	\$ 81	7%	\$ 97	8%	\$ 323	7%	\$ 87	7%	\$ 97	7%	\$ 107	7%	\$ 127	8%	\$ 419	7%	N/A	N/A	N/A	N/A
GAAP Income (Loss) from Operations	\$ 49	5%	\$ 63	6%	\$ 69	6%	\$ 18	1%	\$ 199	5%	\$ 97	7%	\$ 51	4%	\$ 74	5%	\$ 35	2%	\$ 257	4%	N/A	4%	N/A	5%
(+) SBC	188	18%	217	20%	220	19%	245	20%	870	19%	256	19%	282	20%	291	19%	302	19%	1,131	19%	N/A	20%	N/A	19%
(+) Amort of Purchased Intangibles	10	1%	15	2%	10	1%	11	1%	46	1%	17	1%	16	1%	19	1%	24	2%	76	2%	N/A	1%	N/A	1%
(+) Business Combination and Other Related Costs	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	4	1%	7	1%	6	0%	18	0%	N/A	0%	N/A	0%
Non-GAAP Income from Operations	\$ 250	24%	\$ 296	28%	\$ 299	26%	\$ 276	22%	\$ 1,121	25%	\$ 372	27%	\$ 353	26%	\$ 391	26%	\$ 367	23%	\$ 1,482	25%	N/A	25%	N/A	25%
GAAP Net Income (Loss)	\$ 48	5%	\$ 41	4%	\$ 13	1%	\$ 17	1%	\$ 119	3%	\$ 82	6%	\$ 59	4%	\$ 63	5%	\$ 26	2%	\$ 230	4%	N/A	N/A	N/A	N/A
(+) SBC	188	18%	217	20%	220	19%	245	20%	870	19%	256	19%	282	21%	291	19%	302	19%	1,131	19%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	10	1%	15	2%	10	1%	11	1%	46	1%	17	1%	16	1%	19	1%	24	2%	76	1%	N/A	N/A	N/A	N/A
(+) Business Combination and Other Related Costs	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	4	0%	7	1%	6	0%	18	0%	N/A	N/A	N/A	N/A
(+) Amortization of Debt Discount and Issuance Costs	9	1%	8	1%	5	0%	2	0%	24	1%	2	0%	2	0%	2	0%	2	0%	7	0%	N/A	N/A	N/A	N/A
(+) Loss on Early Note Conversions	0	0%	1	0%	41	4%	5	0%	47	1%	2	0%	1	0%	-	0%	-	0%	3	0%	N/A	N/A	N/A	N/A
(-) Income Tax Expense Effects Related to the Above Adjustments	51	5%	39	4%	48	4%	47	4%	186	4%	(55)	4%	(77)	5%	(68)	5%	(64)	4%	(264)	4%	N/A	N/A	N/A	N/A
(-) Income Tax benefit from the release of a valuation allowance on the deferred tax asset	-	0%	-	0%	-	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	N/A	N/A	N/A	N/A
Non-GAAP Net Income	\$ 207	20%	\$ 243	23%	\$ 241	21%	\$ 235	18%	\$ 926	21%	\$ 306	22%	\$ 287	21%	\$ 314	21%	\$ 296	19%	\$ 1,201	20%	N/A	N/A	N/A	N/A

GAAP to Non-GAAP Reconciliation – Other (cont.)

in millions (except %'s and per share data)	Q1-20	Margin	Q2-20	Margin	Q3-20	Margin	Q4-20	Margin	2020	Margin	Q1-21	Margin	Q2-21	Margin	Q3-21	Margin	Q4-21	Margin	2021	Margin	Q1'22E	Margin	2022E	Margin
GAAP Weighted-Average Shares Used to Compute Net Income (Loss) per Share - Diluted	200	N/A	201	N/A	202	N/A	202	N/A	202	N/A	202	N/A	202	N/A	203	N/A	204	N/A	203	N/A	204	N/A	204	N/A
(+) Effects of Dilutive Time-based Awards ⁽⁴⁾	-	N/A	-	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	-	N/A
(-) Effects of In-the-money Portion of Convertible Senior Notes ⁽⁴⁾	(3)	N/A	(3)	N/A	(3)	N/A	(1)	N/A	(3)	N/A	(1)	N/A	-	N/A	0	N/A	(1)	N/A	(1)	N/A	(1)	N/A	0	N/A
(+) Effects of Warrants related to the Issuance of Convertible Senior Notes ⁽⁴⁾	-	N/A	-	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	-	N/A
(+) Effects of Stock Awards with Performance Conditions Not Yet Satisfied ⁽⁴⁾	-	N/A	0	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	-	N/A
Non-GAAP Weighted-Average Shares Used to Compute Net Income per Share - Diluted	197	N/A	198	N/A	199	N/A	201	N/A	200	N/A	201	N/A	202	N/A	203	N/A	203	N/A	203	N/A	203	N/A	204	N/A
GAAP Net Income (Loss) per Share - Diluted	\$ 0.24	N/A	\$ 0.20	N/A	\$ 0.06	N/A	\$ 0.08	N/A	\$ 0.59	N/A	\$ 0.41	N/A	\$ 0.29	N/A	\$ 0.31	N/A	\$ -	N/A	\$ 1.00	N/A	N/A	N/A	N/A	N/A
Non-GAAP Net Income per Share - Diluted	\$ 1.05	N/A	\$ 1.23	N/A	\$ 1.21	N/A	\$ 1.17	N/A	\$ 4.63	N/A	\$ 1.52	N/A	\$ 1.42	N/A	\$ 1.55	N/A	\$ -	N/A	\$ 6.00	N/A	N/A	N/A	N/A	N/A
GAAP Net Cash Provided by Operating Activities	\$ 492	47%	\$ 368	34%	\$ 241	21%	\$ 686	55%	\$ 1,787	39%	\$ 727	53%	\$ 300	21%	\$ 320	21%	\$ 844	52%	\$ 2,191	37%	N/A	N/A	N/A	39%
(-) Purchases of Property and Equipment	(83)	8%	(110)	10%	(91)	8%	(134)	11%	(419)	9%	(107)	8%	(91)	6%	(94)	6%	(100)	(6)%	(392)	(7)%	N/A	N/A	N/A	(8)%
(+) Cash Paid for Legal Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	0%
(+) Repayments of Convertible Senior Notes attributable to Debt Discount	-	-	2	0%	66	6%	13	1%	82	2%	7	1%	6	0%	2	0%	-	-	15	0%	N/A	N/A	N/A	0%
(+) Business combination and other related costs	-	-	-	-	-	-	-	-	-	-	-	-	53	4%	-	-	0%	53	1%	N/A	N/A	N/A	0%	
Non-GAAP Free Cash Flow	\$ 409	39%	\$ 259	24%	\$ 216	19%	\$ 565	45%	\$ 1,449	32%	\$ 627	46%	\$ 268	19%	\$ 228	15%	\$ 744	46%	\$ 1,867	32%	N/A	N/A	N/A	31%

⁽⁴⁾ Effects of dilutive time-based stock awards, in-the-money portion of convertible senior notes and warrants are included in the GAAP weighted-average diluted shares in periods where we have/forecast GAAP net income. We exclude the in-the-money portion of convertible senior notes for non-GAAP weighted-average diluted shares as they are covered by our note hedges. We include stock awards with performance conditions not yet satisfied for non-GAAP weighted-average diluted shares at forecasted attainment levels to the extent we believe it is probable that the performance condition will be met.