

servicenow[®]

Investor Presentation

Third 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 FY21E), “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 10/27/21, including those related to the continued impacts of COVID-19 on our business, future financial performance and global economic conditions. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, the timeframes for and severity of social distancing and other mitigation requirements, the timing of headwinds from COVID-19, the availability of vaccinations, 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, particularly for customers in certain industries highly affected by COVID-19. Significant variation from the assumptions underlying our forward-looking statements could cause our actual results to vary or cause us to modify our guidance higher or lower, and the impact could be significant. 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 filed for the year ended December 31, 2020 and our Quarterly Report on Form 10-Q that will be filed for the quarter ended June 30, 2021 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 present revenues, revenue growth rates, and current remaining performance obligations and remaining performance obligations growth rates adjusted 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.

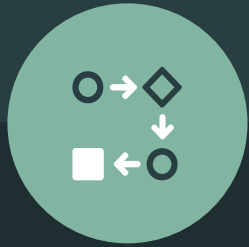
We define subscription billings, professional services and other billings, and total billings as the applicable revenue plus the applicable change in deferred revenue, unbilled receivables and customer deposits as presented or derived from the statement of cash flows. We adjust billings for constant 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. We believe billings is one indicator of the performance of our business. 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.

Our non-GAAP presentation of gross profit, income from operations, and net income measures excludes 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, and the one-time income tax benefit from the release of a valuation allowance on the deferred tax assets. 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 of work, work better for people™



ServiceNow delivers digital workflows that create great experiences and unlock productivity.



Our ~6,900 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.

©2020 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 the 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.

Q3-21 Financial Highlights

Q3 2021 Results	Quarterly Results	Increase (Decrease) Y/Y	FX & Duration Impact Y/Y ⁽²⁾
Subscription Revenues	\$1,427M	31%	~100bps tailwind from FX
Non-GAAP Subscription Billings ⁽¹⁾	\$1,380M	28%	~150bps tailwind from FX and Duration
Current RPO (cRPO)	\$5.0B	32%	NM
Remaining Performance Obligations (RPO)	\$9.7B	34%	NM
Non-GAAP Operating Margin ⁽¹⁾	26%	~Flat	NA
Non-GAAP Free Cash Flow Margin ⁽¹⁾	15%	(400bps)	NA

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

(2) Currency impact on subscription revenues, subscription billings, 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. Duration impact on subscription billings growth rate represents the impact of billings greater than 12 months in excess of the comparison period.

Note: Numbers rounded for presentation purposes.

Guidance Summary

Q4 2021	Quarterly Guidance	Increase (Decrease) Y/Y	FX & Duration Impact Y/Y Included in Guidance ⁽³⁾
Subscription Revenues	\$1,515M - \$1,520M	28%	NM
Non-GAAP Subscription Billings ⁽¹⁾ Non-GAAP Normalized Subscription Billings	\$2,305M - \$2,310M	26% 32% ⁽²⁾	(~50bps) headwind from FX and Duration
Non-GAAP Operating Margin ⁽¹⁾	22%	~Flat	NA
Current RPO (cRPO) Growth	27%	NA	(~150bps) headwind from FX
Full-Year 2021	Full-Year Guidance	Increase (Decrease) Y/Y	FX & Duration Impact Y/Y Included in Guidance ⁽³⁾
Subscription Revenues	\$5,565M - \$5,570M	30%	~200bps tailwind from FX
Non-GAAP Subscription Billings ⁽¹⁾ Non-GAAP Normalized Subscription Billings	\$6,379M - \$6,384M	28% 32% ⁽²⁾	~200bps tailwind from FX and Duration
Non-GAAP Subscription Gross Margin ⁽¹⁾	85%	(~100bps)	NA
Non-GAAP Operating Margin ⁽¹⁾	25.0%	~Flat	NA
Non-GAAP Free Cash Flow Margin ⁽¹⁾	31.5%	(~50bps)	NA

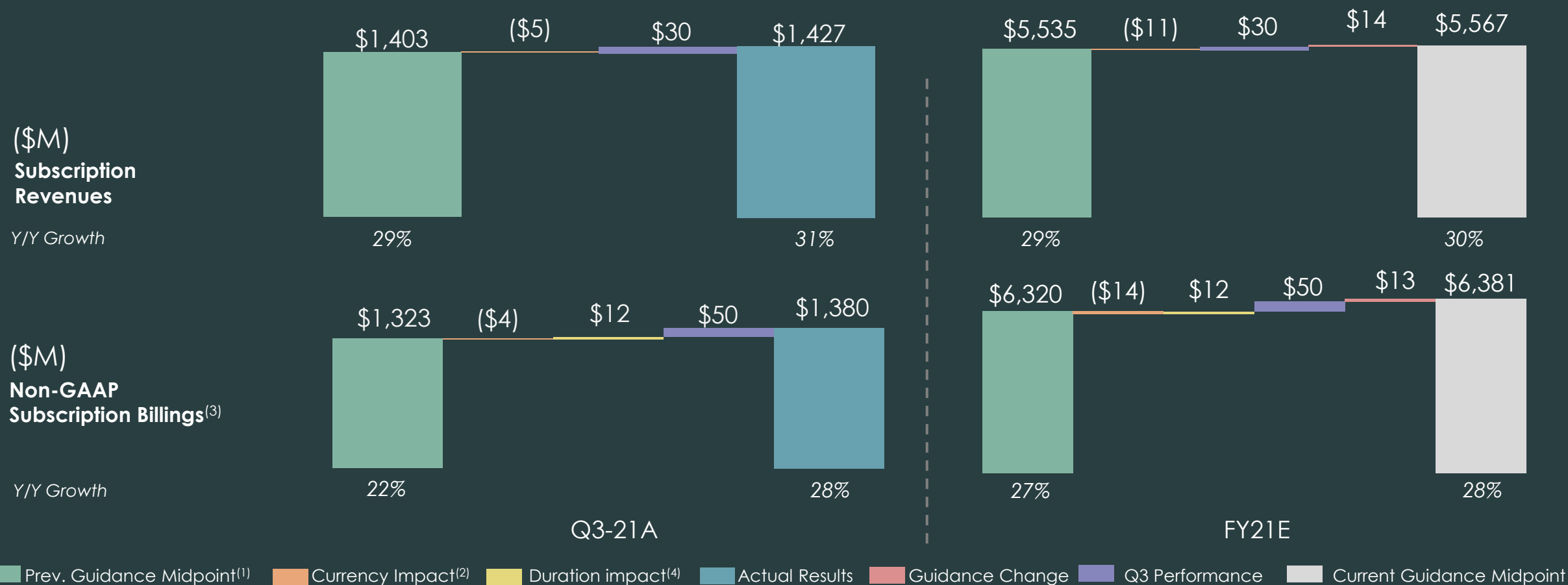
(1) This financial metric and its corresponding growth rate are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

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

(3) Currency impact on subscription revenues, subscription billings, 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. Duration impact on subscription billings growth rate represents the impact of billings greater than 12 months in excess of the comparison period.

Note: Numbers rounded for presentation purposes.

Comparison to Previously Issued Guidance



(1) Refers to previously issued financial guidance dated 7/28/21.

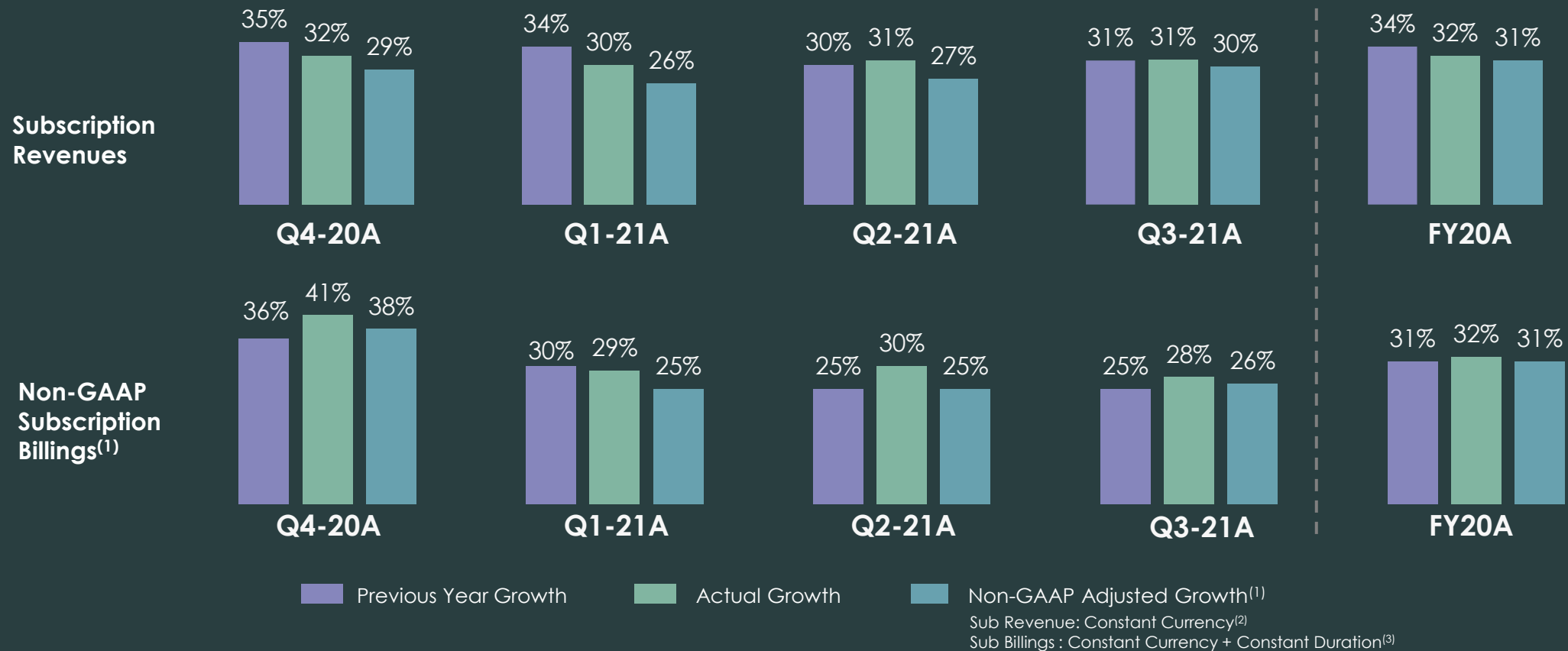
(2) GAAP subscription revenues and non-GAAP subscription billings included in our quarterly guidance is based on September foreign exchange rates for entities reporting in currencies other than U.S. Dollars. Currency impact in Q3 2021 represents the impact of the difference between the actual average rates in the period used to calculate our Q3 2021 actual results and the rates as of 6/30/21 assumed in our previously issued guidance dated 7/28/21. For our full-year guidance, currency impact represents the impact described in the preceding sentence, plus the impact of the difference between September foreign exchange rates assumed in our updated full-year 2021 guidance, and the rates as of 6/30/21 assumed in our previously issued guidance dated 7/28/21.

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

(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

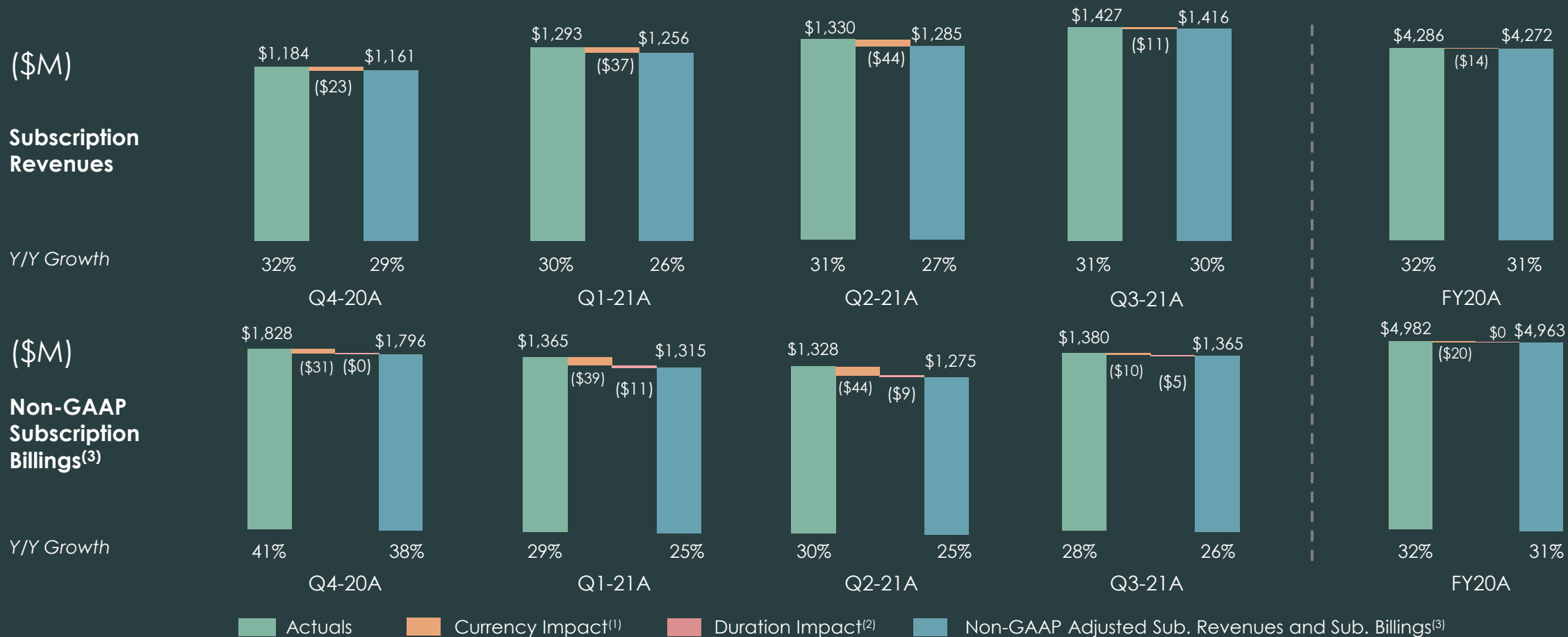


(1) Adjusted subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

(2) Adjusted 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) Adjusted 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.

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



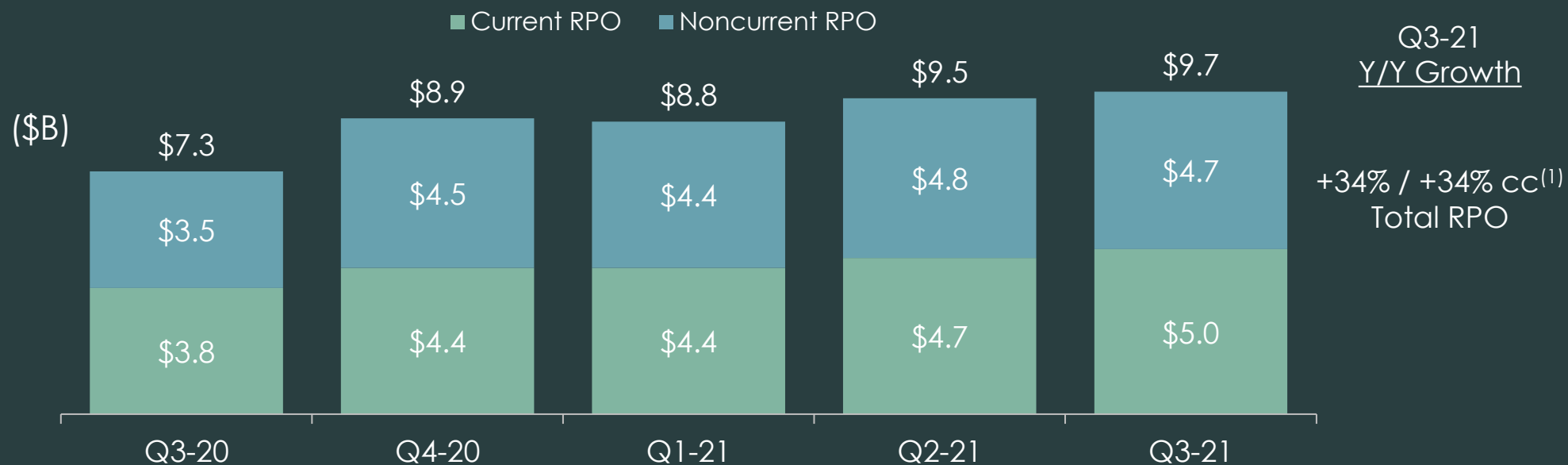
(1) Adjusted revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the current period.

(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 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.

(3) Adjusted 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

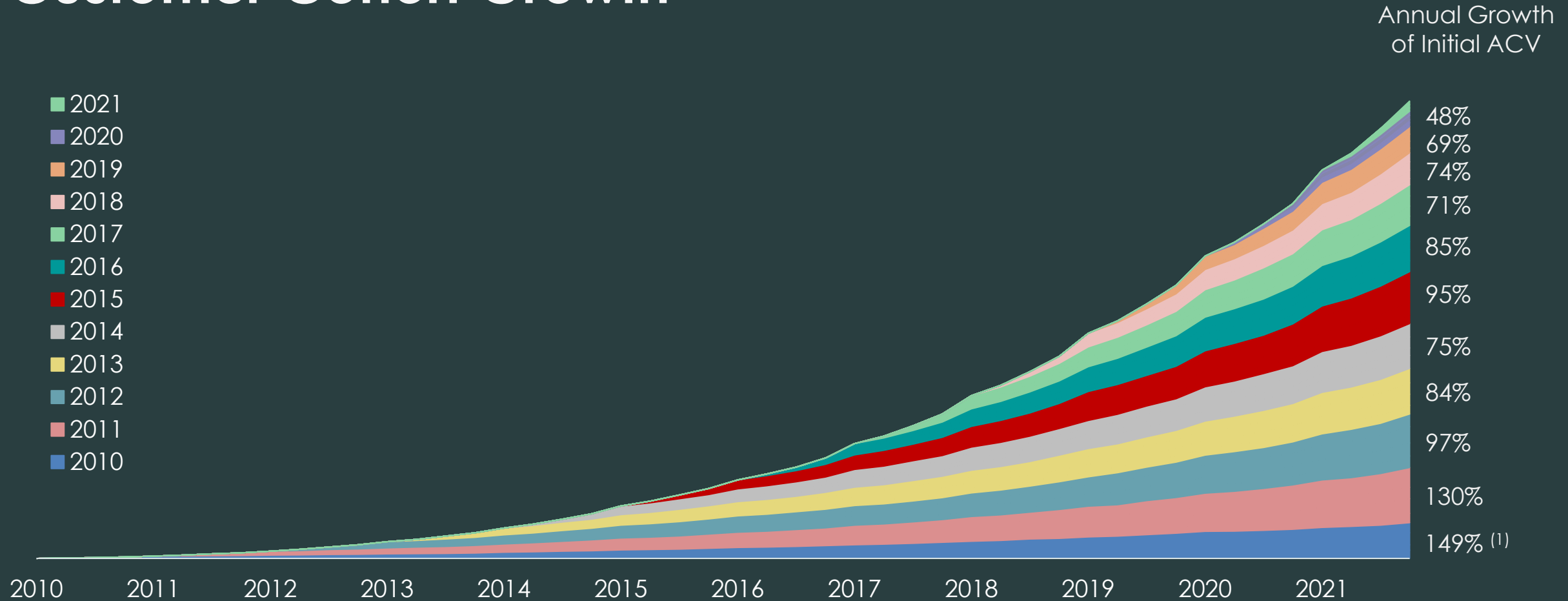


cRPO Y/Y Growth	33%	33%	33%	34%	32%
cRPO cc ⁽¹⁾ Y/Y Growth	30%	30%	29%	31%	32%

(1) 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. The total RPO and current RPO growth rates adjusted for constant currency are calculated on a non-GAAP basis. See appendix for reconciliation to non-GAAP financial measures.

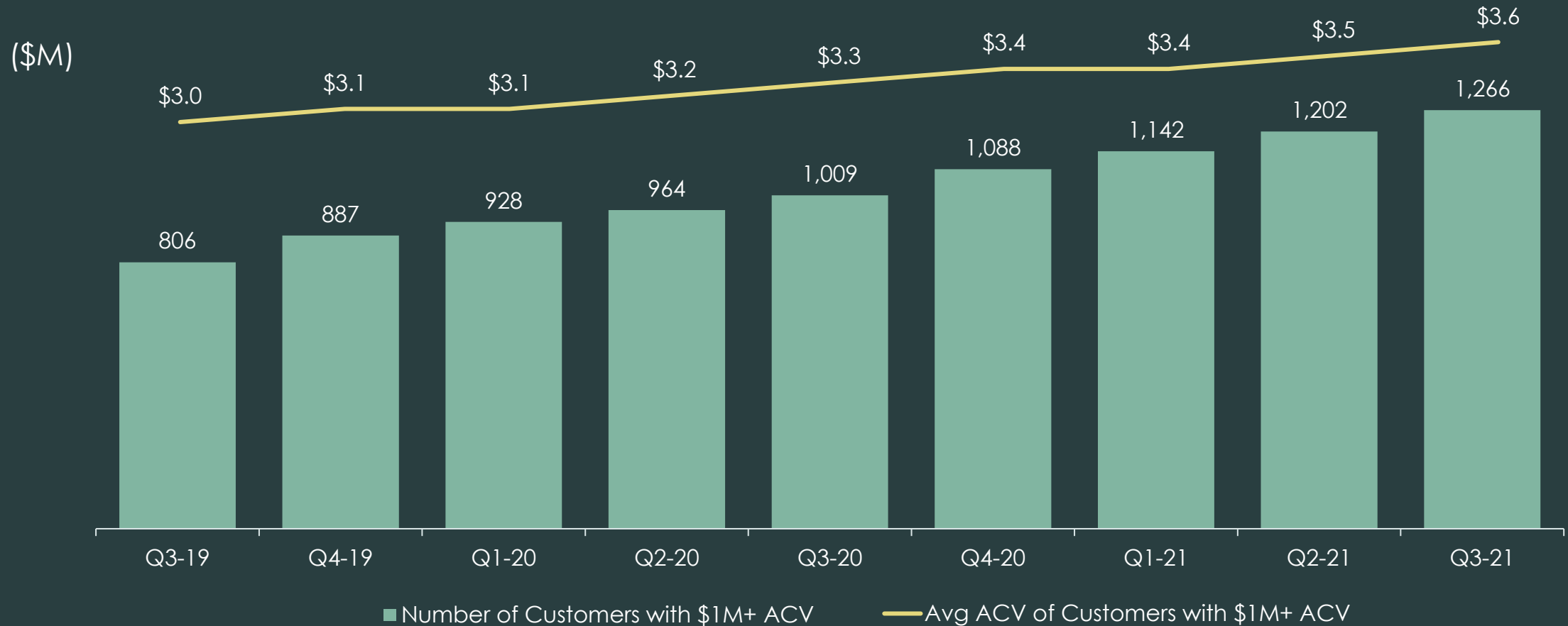
Note: Numbers rounded for presentation purposes.

Customer Cohort Growth



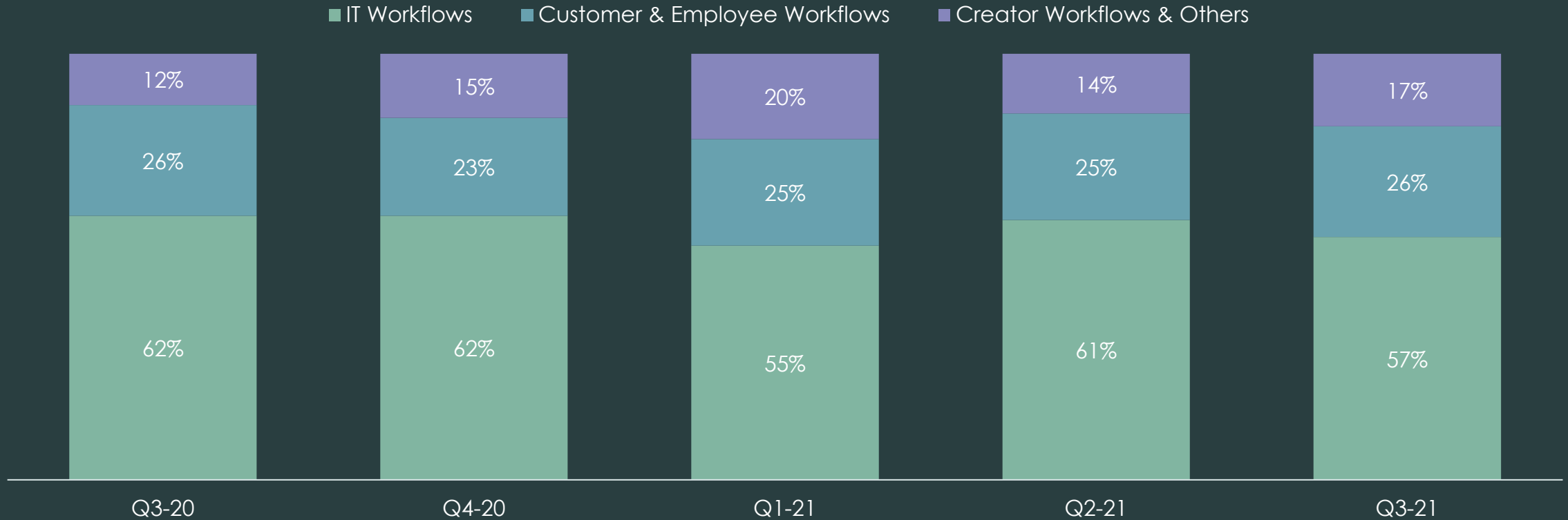
(1) As an illustrative example, 2010 customer cohort started with a contract of initial ACV (annual contract value) of \$100 and grew to ACV of \$1,739 as of Q3-21, representing annual growth of initial ACV of 149%.
 Note: Chart reflects growth in total annual contract value over time, inclusive of losses, 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.

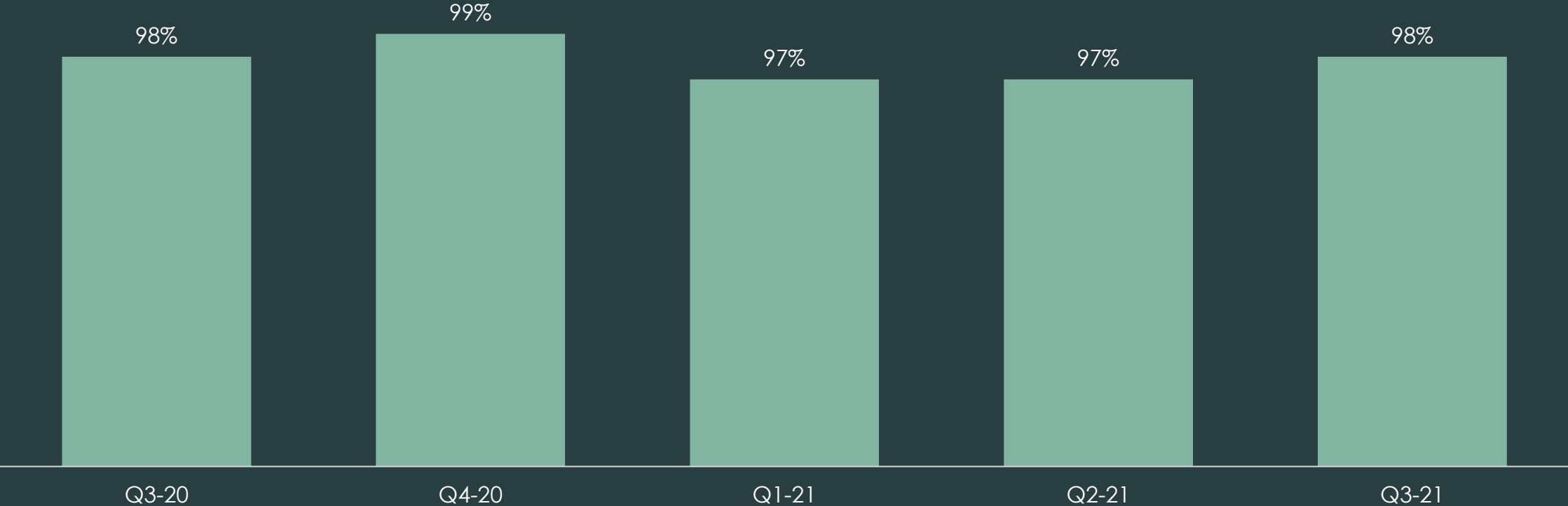
Net New ACV Contribution Across Workflows and Products⁽¹⁾



(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, DevOps, Security Operations, Governance, Risk and Compliance, Telecom Network Performance Mgmt; Customer and Employee Workflows include Customer Service Mgmt, Field Service Mgmt, Connected Operations, Financial Services Operations, Telecom Service Mgmt, HR Service Delivery, Workplace Service Delivery, Legal Service Delivery, Procurement Service Mgmt, Safe Workplace Suite; Creator Workflows & Others include App Engine, IntegrationHub, and Others.

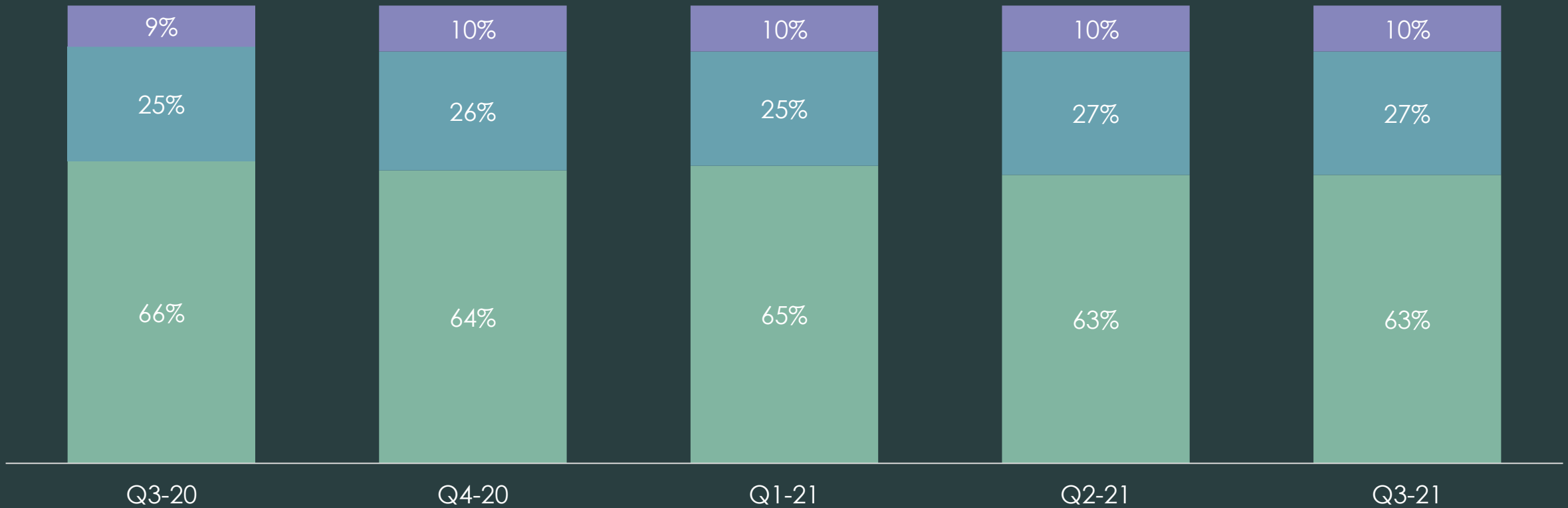
Renewal Rate



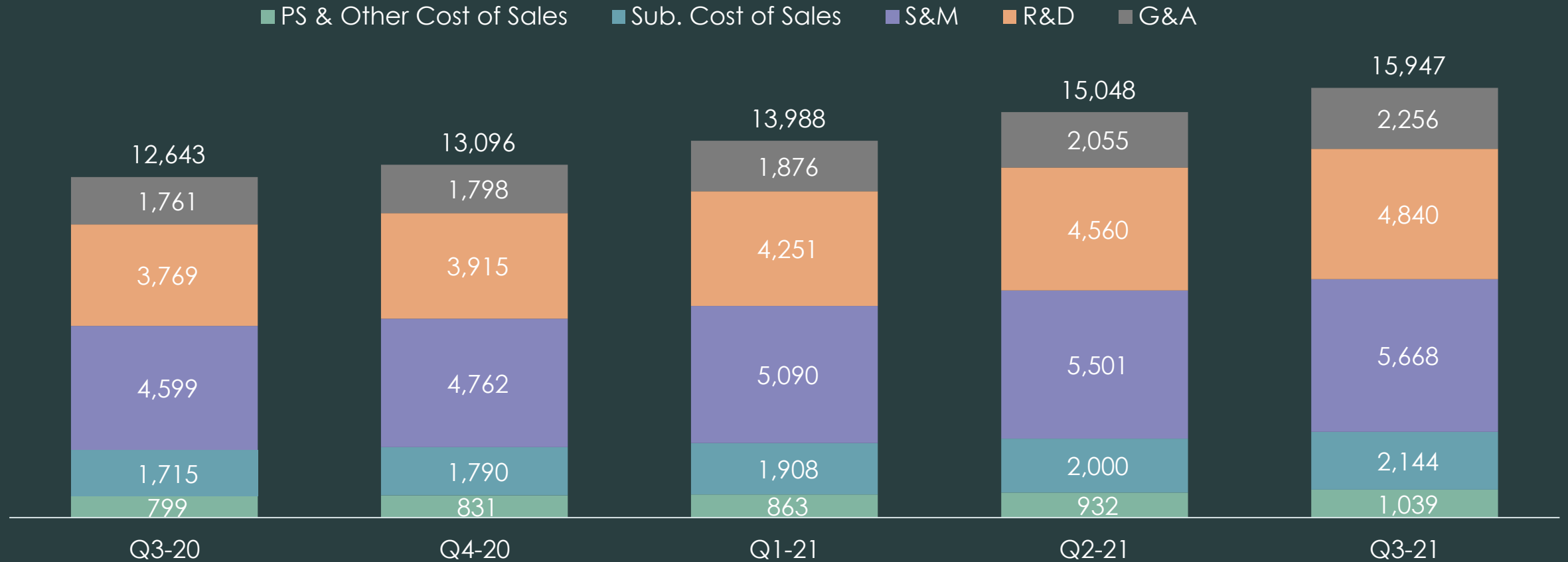
Note: We adjust our Renewal Rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Additionally, starting in 2020, we simplified our methodology related to contracts less than 12 months to derive ACV used to calculate 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

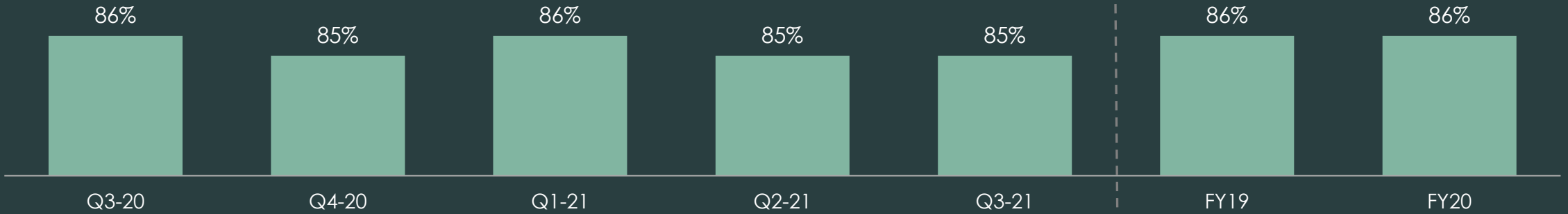


Headcount by Department

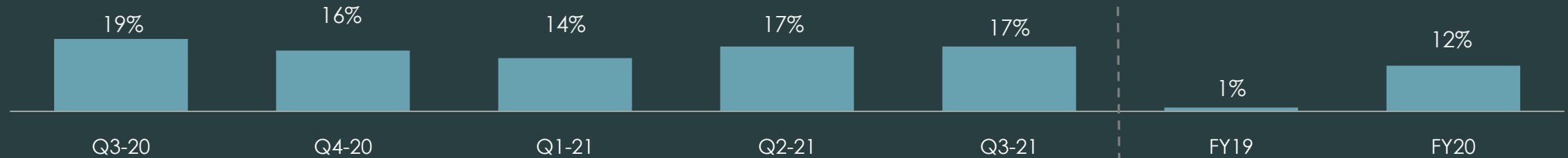


Non-GAAP Gross Margins

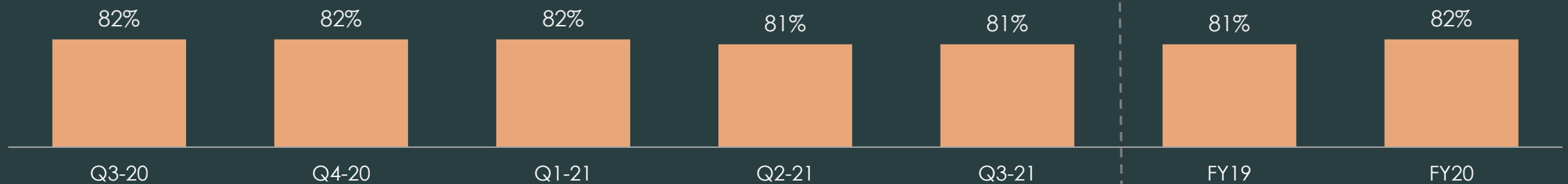
Non-GAAP Subscription Gross Margin



Non-GAAP PS & Other Gross Margin



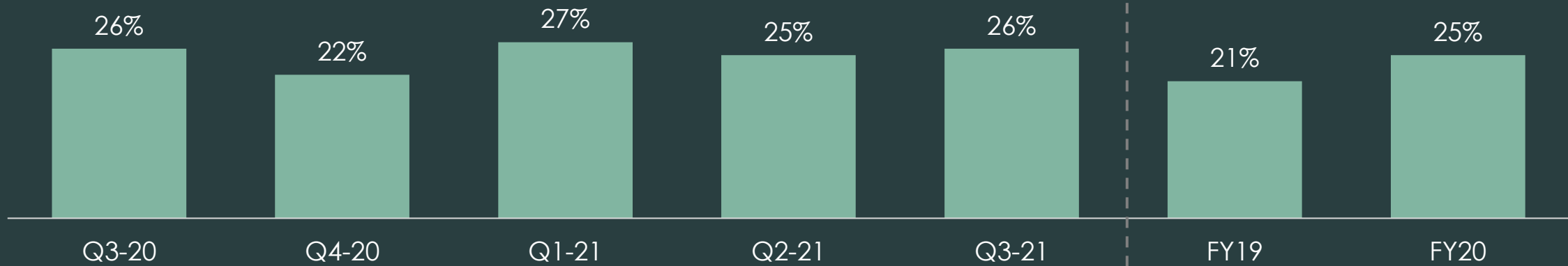
Non-GAAP Total Gross Margin



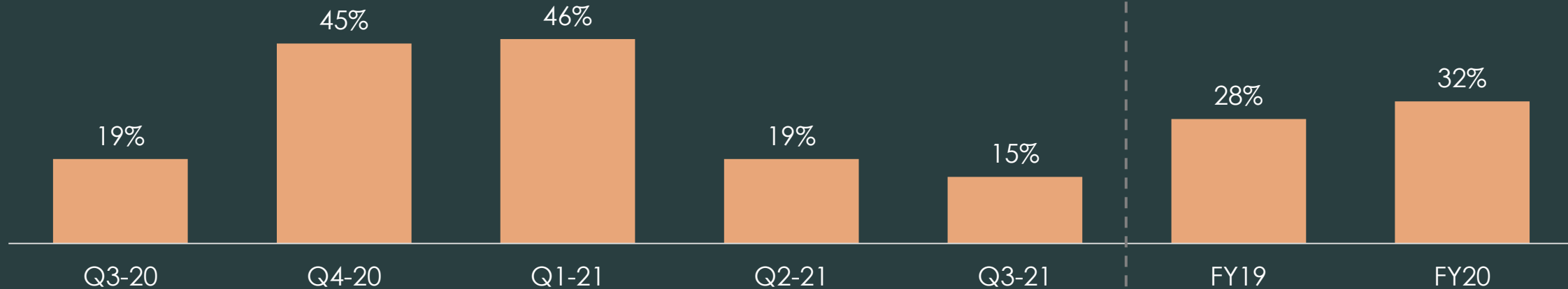
Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Operating and Free Cash Flow Margins

Non-GAAP Operating Margin



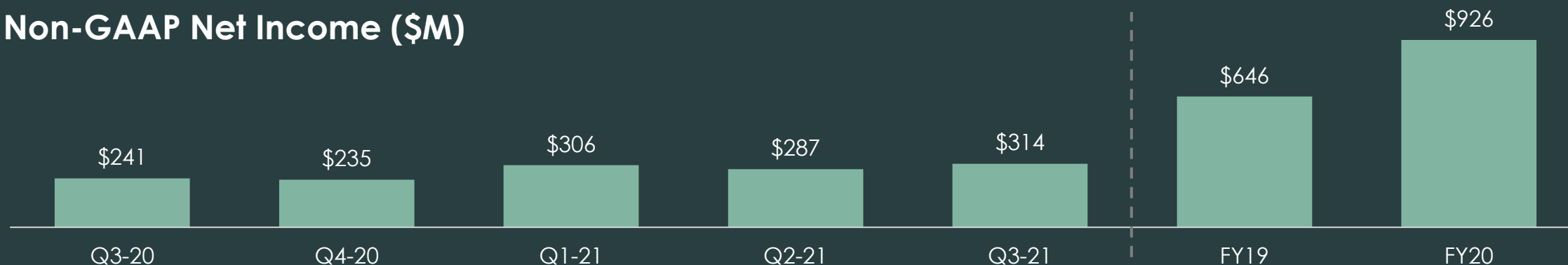
Non-GAAP Free Cash Flow Margin



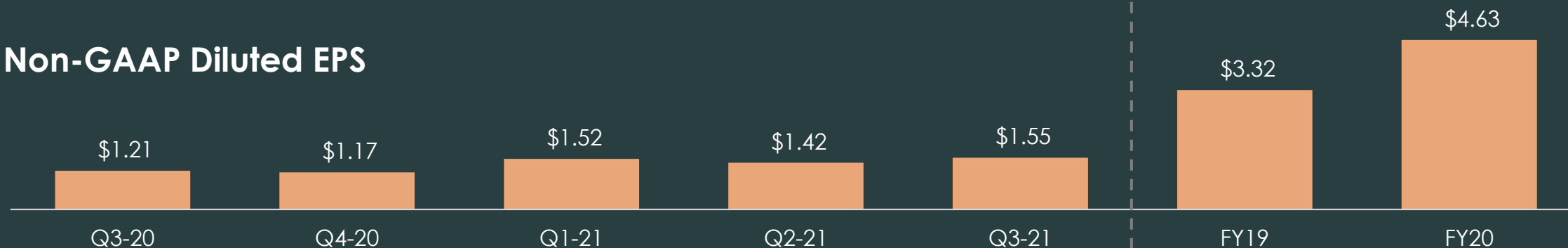
Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

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)	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-21
GAAP Subscription Revenues	\$ 3,255	\$ 995	\$ 1,015	\$ 1,091	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427
(+) Effects of Foreign Currency Rate Fluctuations	58	12	12	(14)	(23)	(14)	(37)	(45)	(11)
Non-GAAP Adjusted Subscription Revenues ⁽¹⁾	\$ 3,313	\$ 1,006	\$ 1,027	\$ 1,077	\$ 1,161	\$ 4,272	\$ 1,256	\$ 1,285	\$ 1,416
<i>YoY Non-GAAP Adjusted Subscription Revenues Growth Rates ⁽¹⁾</i>	37%	36%	32%	29%	29%	31%	26%	27%	30%
GAAP Subscription Revenues	\$ 3,255	\$ 995	\$ 1,015	\$ 1,091	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	533	60	3	(10)	643	696	72	(2)	(47)
Non-GAAP Subscription Billings	\$ 3,788	\$ 1,055	\$ 1,018	\$ 1,081	\$ 1,828	\$ 4,982	\$ 1,365	\$ 1,328	\$ 1,380
<i>YoY Non-GAAP Subscription Billings Growth Rates</i>	31%	30%	25%	25%	41%	32%	29%	30%	28%
(+) Effects of Foreign Currency Rate Fluctuations	63	12	12	(13)	(31)	(20)	(39)	(44)	(10)
(+) Effects of Fluctuations in Billings Duration	(1)	(2)	3	-	-	-	(11)	(9)	(5)
Non-GAAP Adjusted Subscription Billings ⁽²⁾	\$ 3,850	\$ 1,065	\$ 1,033	\$ 1,068	\$ 1,796	\$ 4,963	\$ 1,315	\$ 1,275	\$ 1,365
<i>YoY Non-GAAP Adjusted Subscription Billings Growth Rates ⁽²⁾</i>	34%	32%	26%	24%	38%	31%	25%	25%	26%
GAAP Professional Services and Other Revenues	\$ 205	\$ 51	\$ 56	\$ 61	\$ 66	\$ 233	\$ 67	\$ 79	\$ 85
(+/-) Change in Professional Services and Other Deferred Revenues	9	(4)	6	(2)	13	13	3	10	(1)
Non-GAAP Professional Services and Other Billings	\$ 214	\$ 48	\$ 62	\$ 59	\$ 80	\$ 247	\$ 70	\$ 89	\$ 84
GAAP Total Revenues	\$ 3,460	\$ 1,046	\$ 1,071	\$ 1,152	\$ 1,250	\$ 4,519	\$ 1,360	\$ 1,409	\$ 1,512
(+/-) Change in Total Deferred Revenue, Unbilled Receivables, and Customer Deposits	542	57	8	(12)	657	710	75	8	(47)
Non-GAAP Total Billings	\$ 4,002	\$ 1,103	\$ 1,079	\$ 1,140	\$ 1,907	\$ 5,229	\$ 1,435	\$ 1,417	\$ 1,465

⁽¹⁾ Adjusted 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	Q4-21E
GAAP Current Remaining Performance Obligations at Period End	\$ 3.3	\$ 3.5	\$ 3.8	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.7	\$ 5.0	N/A
<i>YoY Current Remaining Performance Obligations Growth Rates⁽¹⁾</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27.0%
(+) Effects of Foreign Currency Rate Fluctuations	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	N/A
<i>YoY Effects of Foreign Currency Rate Fluctuations</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.5%
Non-GAAP Adjusted Current Remaining Performance Obligations at Period End (1)	\$ 3.4	\$ 3.6	\$ 3.7	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.6	\$ 5.0	N/A
<i>YoY Non-GAAP Adjusted Current Remaining Performance Obligations Growth Rates(1)</i>	33%	32%	30%	30%	30%	29%	31%	32%	28.5%
GAAP Remaining Performance Obligations at Period End	\$ 6.6	\$ 7.0	\$ 7.3	\$ 8.9	\$ 8.9	\$ 8.8	\$ 9.5	\$ 9.7	N/A
(+) Effects of Foreign Currency Rate Fluctuations	0.1	0.1	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	-	N/A
Non-GAAP Adjusted Remaining Performance Obligations at Period End (1)	\$ 6.7	\$ 7.1	\$ 7.1	\$ 8.7	\$ 8.7	\$ 8.6	\$ 9.3	\$ 9.7	N/A
<i>YoY Non-GAAP Adjusted Remaining Performance Obligations Growth Rates(1)</i>	32%	31%	28%	31%	31%	30%	33%	34%	N/A

(1) Adjusted current remaining performance obligations, adjusted 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	Q4-21E Midpoint	2021E Midpoint
GAAP Subscription Revenues	\$ 1,184	\$ 4,286	\$ 1,293	\$ 1,330	\$ 1,427	\$ 1,518	\$ 5,567
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	643	696	72	(2)	(47)	790	814
Non-GAAP Subscription Billings	\$ 1,828	\$ 4,982	\$ 1,365	\$ 1,328	\$ 1,380	\$ 2,308	\$ 6,381
<i>YoY Non-GAAP Subscription Billings Growth Rates</i>	41%	32%	29%	30%	28%	26%	28%
(+/-) 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	\$ 2,308	\$ 6,461
<i>YoY Non-GAAP Normalized Subscription Billings Growth Rates</i>	35%	29%	37%	N/A	N/A	32%	32%

(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)																					
	2019	Margin	Q1-20	Margin	Q2-20	Margin	Q3-20	Margin	Q4-20	Margin	2020	Margin	Q1-21	Margin	Q2-21	Margin	Q3-21	Margin	Q4'21E	Margin	2021E	Margin
GAAP Subscription Gross Profit	\$ 2,705	83%	\$ 835	84%	\$ 843	83%	\$ 902	83%	\$ 974	82%	\$ 3,555	83%	\$ 1,065	82%	\$ 1,082	81%	\$ 1,163	81%	N/A	N/A	N/A	82%
(+) Subscription SBC	73	2%	22	2%	25	2%	26	2%	26	2%	98	2%	29	2%	33	3%	33	2%	N/A	N/A	N/A	2%
(+) Subscription Amort of Purchased Intangibles	24	1%	7	1%	12	2%	9	1%	8	1%	36	1%	12	1%	14	1%	17	1%	N/A	N/A	N/A	1%
Non-GAAP Subscription Gross Profit	\$ 2,802	86%	\$ 864	87%	\$ 880	87%	\$ 937	86%	\$ 1,009	85%	\$ 3,689	86%	\$ 1,106	86%	\$ 1,129	85%	\$ 1,213	85%	N/A	N/A	N/A	85%
GAAP Professional Services and Other Gross Loss	\$ (42)	(20%)	\$ (12)	(23%)	\$ (5)	(10%)	\$ (2)	(3%)	\$ (3)	(5%)	\$ (23)	(10%)	\$ (4)	(6%)	\$ (2)	(3%)	\$ (1)	(1%)	N/A	N/A	N/A	N/A
(+) Professional Services and Other SBC	43	21%	12	23%	13	23%	13	22%	14	21%	52	22%	13	19%	15	19%	15	18%	N/A	N/A	N/A	N/A
Non-GAAP Professional Services and Other Gross Profit (Loss)	\$ 1	1%	\$ 0	0%	\$ 8	13%	\$ 11	19%	11	16%	29	12%	9	14%	13	17%	14	17%	N/A	N/A	N/A	N/A
GAAP Gross Profit	\$ 2,664	77%	\$ 823	79%	\$ 838	78%	\$ 900	78%	971	78%	3,532	78%	1,061	78%	1,080	77%	1,162	77%	N/A	N/A	N/A	N/A
(+) SBC	116	3%	34	3%	38	4%	39	3%	40	3%	150	3%	42	3%	48	3%	48	3%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	24	1%	7	1%	12	1%	9	1%	8	1%	36	1%	12	1%	14	1%	17	1%	N/A	N/A	N/A	N/A
Non-GAAP Gross Profit	\$ 2,804	81%	\$ 864	83%	\$ 888	83%	\$ 948	82%	1019	82%	3,718	82%	1,115	82%	1,142	81%	1,227	81%	N/A	N/A	N/A	N/A
GAAP Sales and Marketing	\$ 1,534	44%	\$ 441	42%	\$ 426	40%	\$ 454	39%	534	43%	1,855	41%	524	39%	557	40%	579	38%	N/A	N/A	N/A	N/A
(-) Sales and Marketing SBC	268	8%	70	7%	79	7%	79	7%	92	7%	320	7%	93	7%	99	7%	101	7%	N/A	N/A	N/A	N/A
(-) Sales and Marketing Amort of Purchased Intangibles	0	0%	0	0%	0	0%	-	0%	0	0%	1	0%	0	0%	-	0%	0	0%	N/A	N/A	N/A	N/A
Non-GAAP Sales and Marketing	\$ 1,266	37%	\$ 371	35%	\$ 347	32%	\$ 375	32%	\$ 441	36%	\$ 1,533	34%	\$ 431	32%	\$ 458	33%	\$ 478	32%	N/A	N/A	N/A	N/A
GAAP Research and Development	\$ 748	22%	\$ 227	22%	\$ 245	23%	\$ 268	23%	284	23%	1,025	23%	314	23%	333	24%	358	24%	N/A	N/A	N/A	N/A
(-) Research and Development SBC	195	6%	59	6%	70	7%	74	6%	79	6%	282	6%	88	6%	98	7%	102	7%	N/A	N/A	N/A	N/A
(-) Research and Development Amort of Purchased Intangibles	2	0%	0	0%	0	0%	1	0%	0	0%	2	0%	1	0%	-	0%	-	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%	-	0%	1	0%	4	0%	N/A	N/A	N/A	N/A
Non-GAAP Research and Development	\$ 552	16%	\$ 168	16%	\$ 175	16%	\$ 193	17%	205	17%	741	17%	225	17%	234	17%	252	17%	N/A	N/A	N/A	N/A
GAAP General and Administrative	\$ 339	10%	\$ 106	10%	\$ 104	10%	\$ 109	9%	135	11%	454	10%	126	9%	139	10%	151	10%	N/A	N/A	N/A	N/A
(-) General and Administrative SBC	83	2%	26	2%	30	3%	28	2%	34	3%	118	3%	33	2%	37	3%	40	3%	N/A	N/A	N/A	N/A
(-) General and Administrative Amort of Purchased Intangibles	8	0%	3	0%	2	0%	-	0%	2	0%	7	0%	4	0%	2	0%	2	0%	N/A	N/A	N/A	N/A
(-) General and Administrative Business Combination and Other Related Costs	1	0%	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	3	0%	2	0%	N/A	N/A	N/A	N/A
Non-GAAP General and Administrative	\$ 247	7%	\$ 74	7%	\$ 71	7%	\$ 81	7%	97	8%	323	7%	87	7%	97	7%	107	7%	N/A	N/A	N/A	N/A
GAAP Income (Loss) from Operations	\$ 42	1%	\$ 49	5%	\$ 63	6%	\$ 69	6%	18	1%	199	5%	97	7%	51	4%	74	5%	N/A	N/A	2%	4%
(+) SBC	662	19%	188	18%	217	20%	220	19%	245	20%	870	19%	256	19%	282	20%	291	19%	N/A	N/A	18%	19%
(+) Amort of Purchased Intangibles	35	1%	10	1%	15	2%	10	1%	11	1%	45	1%	17	1%	16	1%	19	1%	N/A	N/A	1%	1%
(+) Business Combination and Other Related Costs	1	0%	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	4	1%	7	1%	N/A	N/A	0%	0%
Non-GAAP Income from Operations	\$ 740	21%	\$ 250	24%	\$ 296	28%	\$ 299	26%	276	22%	1,121	25%	372	27%	353	26%	391	26%	N/A	N/A	22%	25%
GAAP Net Income (Loss)	\$ 627	18%	\$ 48	5%	\$ 41	4%	\$ 13	1%	17	1%	119	3%	82	6%	59	4%	63	5%	N/A	N/A	N/A	N/A
(+) SBC	662	19%	188	18%	217	20%	220	19%	245	20%	870	19%	256	19%	282	21%	291	19%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	35	1%	10	1%	15	2%	10	1%	11	1%	46	1%	17	1%	16	1%	19	1%	N/A	N/A	N/A	N/A
(+) Business Combination and Other Related Costs	1	0%	3	0%	1	0%	-	0%	2	0%	6	0%	2	0%	4	0%	7	1%	N/A	N/A	N/A	N/A
(+) Amortization of Debt Discount and Issuance Costs	33	1%	9	1%	8	1%	5	0%	2	0%	24	1%	2	0%	2	0%	2	0%	N/A	N/A	N/A	N/A
(+) Loss on Early Note Conversions	-	0%	0	0%	1	0%	41	4%	5	0%	47	1%	2	0%	1	0%	-	0%	N/A	N/A	N/A	N/A
(-) Income Tax Expense Effects Related to the Above Adjustments	137	4%	51	5%	39	4%	48	4%	48	4%	186	4%	(55)	4%	(77)	5%	(68)	5%	N/A	N/A	N/A	N/A
(-) Income Tax benefit from the release of a valuation allowance on the deferred tax asset	574	17%	-	0%	-	0%	-	0%	0	0%	-	0%	-	0%	-	0%	-	0%	N/A	N/A	N/A	N/A
Non-GAAP Net Income	\$ 646	19%	\$ 207	20%	\$ 243	23%	\$ 241	21%	235	18%	926	21%	306	22%	287	21%	314	21%	N/A	N/A	N/A	N/A

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

in millions (except %'s and per share data)	2019	Margin	Q1-20	Margin	Q2-20	Margin	Q3-20	Margin	Q4-20	Margin	2020	Margin	Q1-21	Margin	Q2-21	Margin	Q3-21	Margin	Q4'21E	Margin	2021E	Margin
GAAP Weighted-Average Shares Used to Compute Net Income (Loss) per Share - Diluted	197	N/A	200	N/A	201	N/A	202	N/A	202	N/A	202	N/A	202	N/A	202	N/A	203	N/A	203	N/A	202	N/A
(+) Effects of Dilutive Time-based Awards (1)	-	N/A	-	N/A	-	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	-	N/A	-	N/A
(-) Effects of In-the-money Portion of Convertible Senior Notes (1)	3	N/A	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
(+) Effects of Warrants related to the Issuance of Convertible Senior Notes (1)	-	N/A	-	N/A	-	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	-	N/A	-	N/A
(+) Effects of Stock Awards with Performance Conditions Not Yet Satisfied (1)	-	N/A	0	N/A	0	N/A	-	N/A	0	N/A	0	N/A	0	N/A	-	N/A	0	N/A	-	N/A	-	N/A
Non-GAAP Weighted-Average Shares Used to Compute Net Income per Share - Diluted	194	N/A	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	202	N/A
GAAP Net Income (Loss) per Share - Diluted	\$ 3.18	N/A	\$ 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	N/A	N/A	N/A
Non-GAAP Net Income per Share - Diluted	\$ 3.32	N/A	\$ 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	N/A	N/A	N/A
GAAP Net Cash Provided by Operating Activities	\$ 1,236	36%	\$ 492	47%	\$ 368	34%	\$ 241	21%	686	55%	1,787	39%	727	53%	300	21%	320	21%	N/A	N/A	N/A	37%
(-) Purchases of Property and Equipment	265	8%	83	8%	110	10%	91	8%	134	11%	419	9%	(107)	8%	(91)	6%	(94)	6%	N/A	N/A	N/A	-7%
(+) Cash Paid for Legal Settlements	-	0%	-	0%	-	-	-	-	0	-	-	0%	-	0%	-	-	-	-	N/A	N/A	N/A	0%
(+) Repayments of Convertible Senior Notes attributable to Debt Discount	-	0%	0	0%	2	0%	66	6%	13	1%	82	2%	7	1%	6	0%	2	0%	N/A	N/A	N/A	0%
(+) Business combination and other related costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53	4%	-	-	-	-	-	1%
Non-GAAP Free Cash Flow	\$ 971	28%	\$ 409	39%	\$ 259	24%	\$ 216	19%	565	45%	1,449	32%	627	46%	268	19%	228	15%	N/A	N/A	N/A	31.5%

⁽¹⁾ 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.