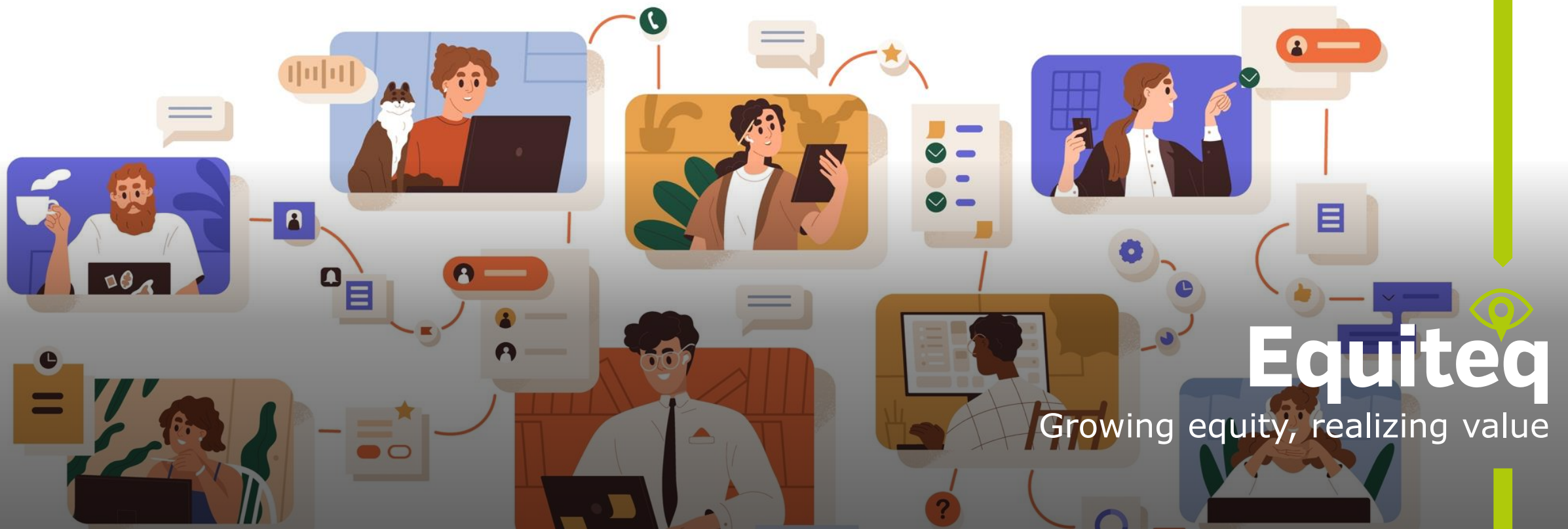


ServiceNow Partner Ecosystem

August 2022





I. ServiceNow Overview

II. Partner Ecosystem Dynamics

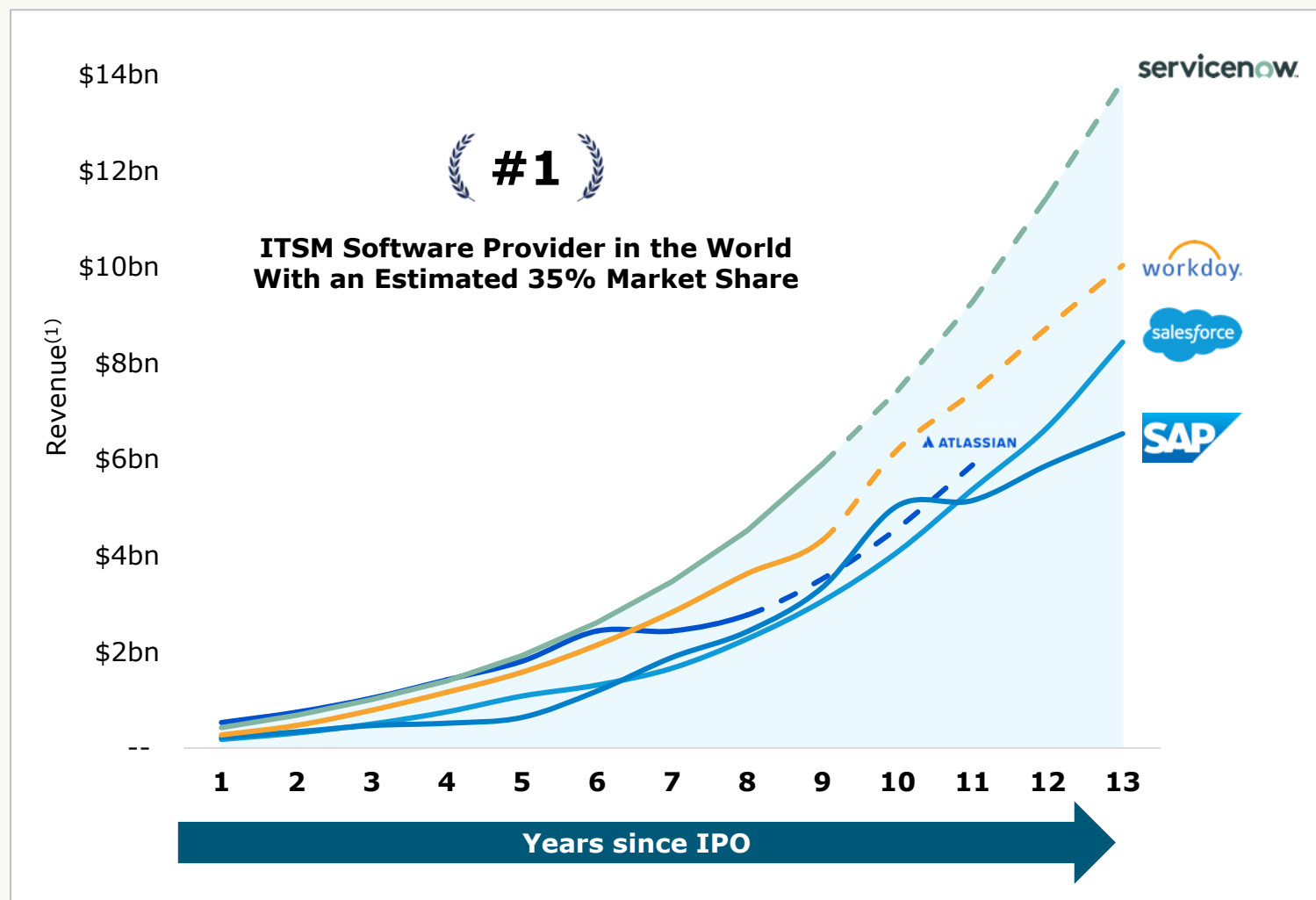
III. Select ServiceNow Partner Transactions

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ServiceNow has demonstrated segment-leading growth whilst retaining a promising runway for future expansion



Equity Research Perspectives



Phil Winslow, CFA | Jun. 2022

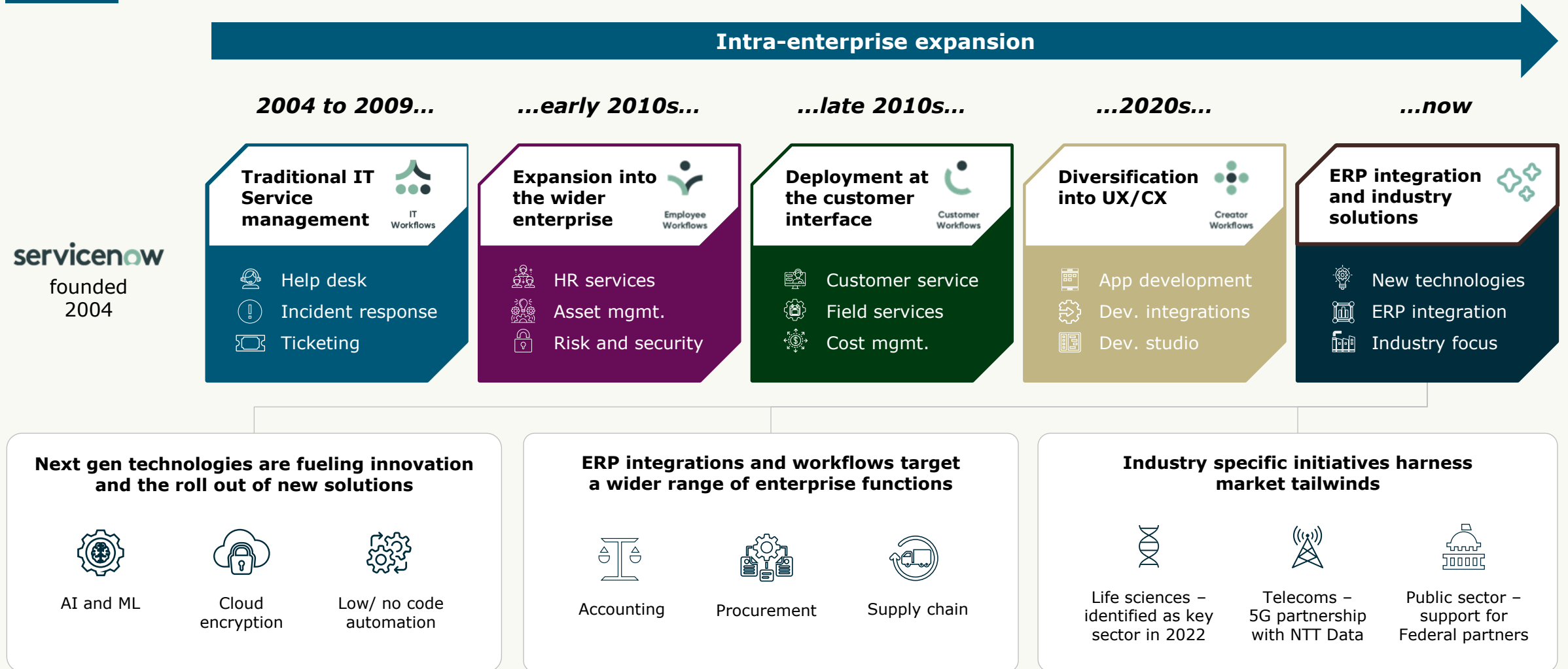
"ServiceNow's growth potential relies on 3 key pillars: (1) the **Now Platform is technologically sound** and has been well received by the market; (2) ServiceNow has successfully **parlayed its strength in ITSM into adjacent markets**, approaching parity with the major ERP vendors; and (3) the company has invested in sales and marketing headcount in growth areas where demand is ripe"



Brad Alan Zelnick | May 2022

"We highlight **the agility of the Now Platform** enabling rapid productization to address customers' most pressing needs. Cases in point include **vertical solutions** that are solving industry specific pain points and the reveal of **ERP workflows** with an initial procurement application to help customers with their supply chains"

ServiceNow has effectively leveraged relationships within enterprises to build a cross-functional software platform...



... underpinned by a deliberate land & expand go-to-market strategy

Land

Expand

Address customer



Off the shelf ITSM products create a rapid and scalable entry point into enterprises – **80% of new customers in FY21 were captured by ITSM products**



High levels of customization create extensive use cases – **from 2019 to 2021, ServiceNow doubled the number of customers with 3+ IT workflow products**



Enterprise IT departments become **customer champions** of the platform and highlight use cases in HR, Finance, and Ops

Develop client stickiness



Customer champions create **exponential adoption** within enterprises – **FY21 net expansion rate of 125%**



Integration with ERP systems and processes deepen enterprise reliance on the ServiceNow platform – **FY21 renewal rate of 98%**



Accelerated upselling saw a **30% increase in average number of products purchased** in customers' first year in FY21

Drive value



Effective penetration across business functions generates high value enterprise accounts – **number of customers paying \$1m+ tripled between FY17 and FY21**



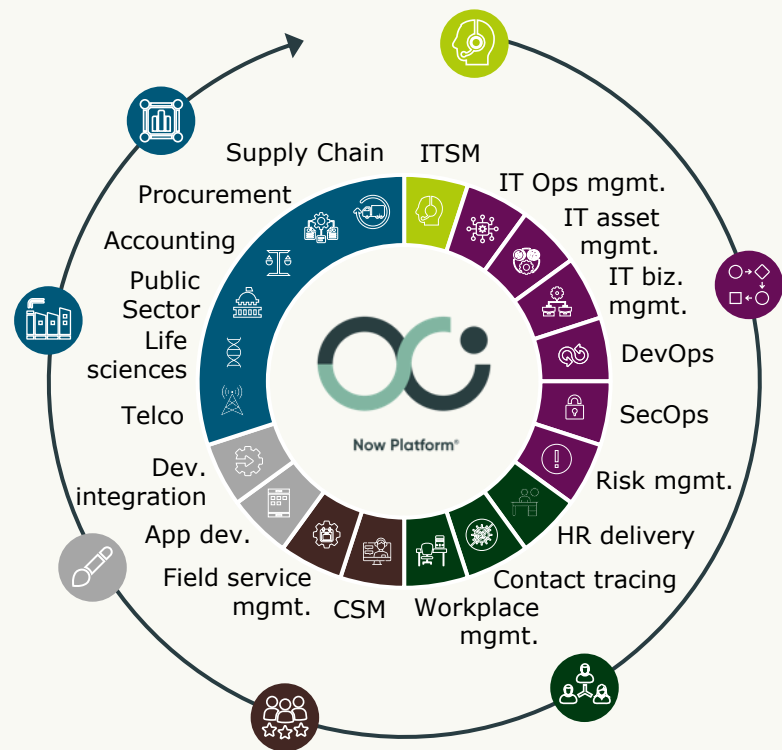
Existing accounts continue to grow long after they adopt ServiceNow – **in FY21 67% of existing customers increased YoY spend**



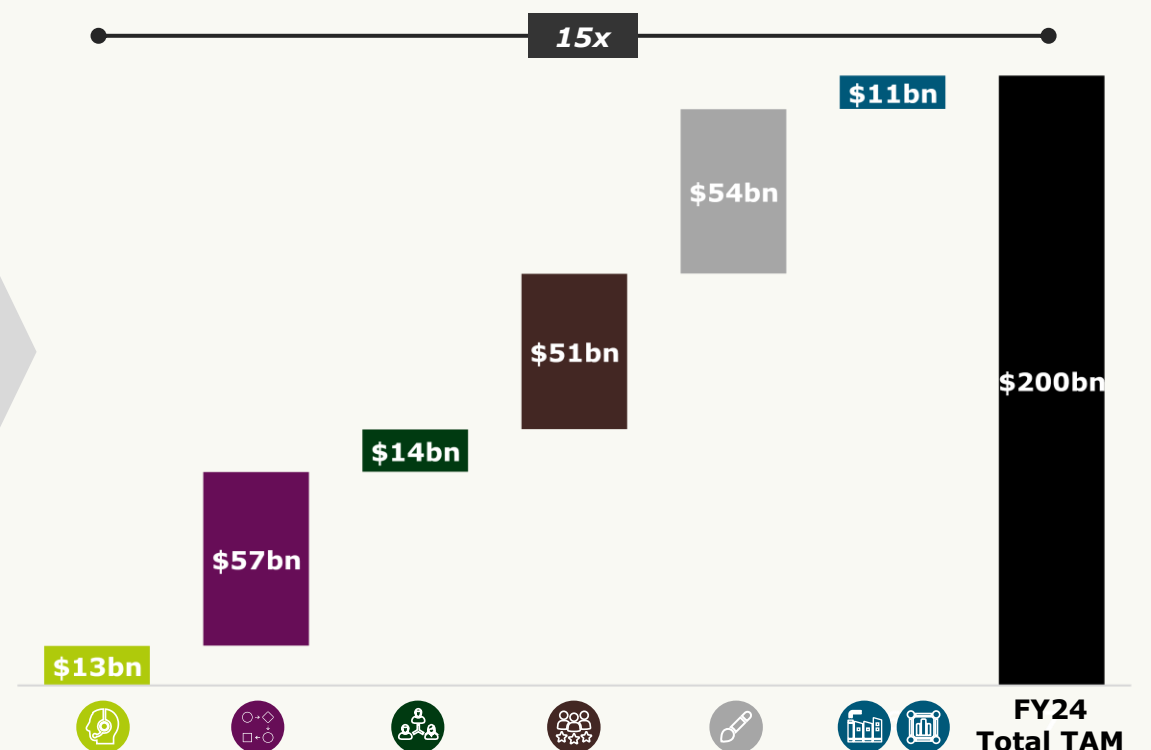
High penetration of sophisticated clients demonstrates successful execution of this GTM strategy – **80% of Fortune 500 are clients**

ServiceNow's expansion across enterprise functions has increased the TAM by ~15x...

ServiceNow workflow evolution



FY24 TAM by ServiceNow workflow

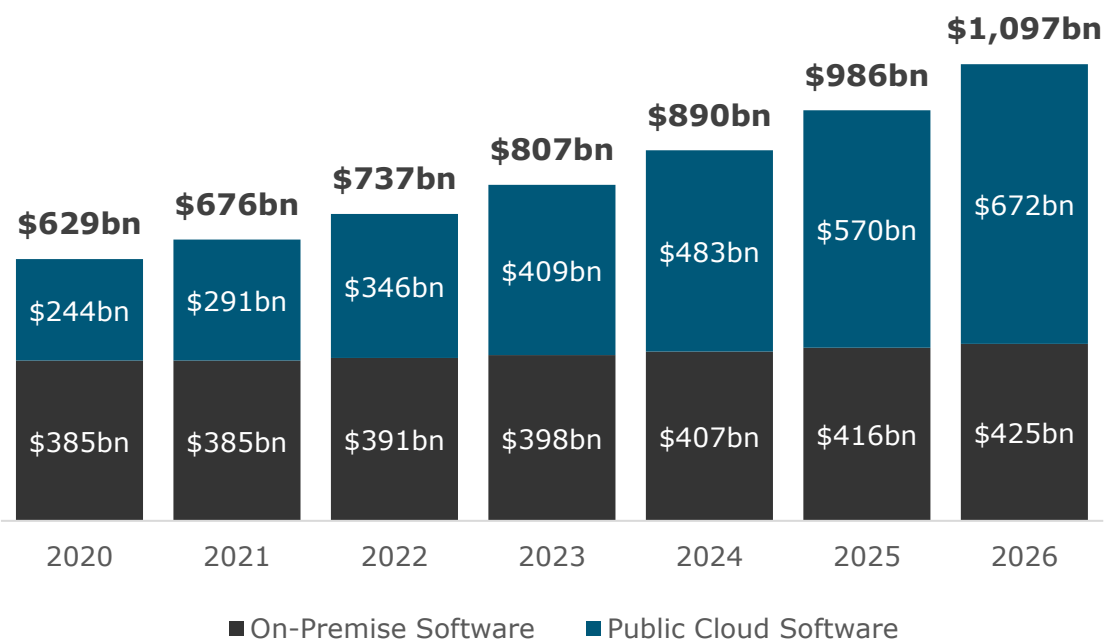


- Legacy ITSM
- IT workflows
- Employee workflows
- Customer workflows
- Creator workflows
- Industry specific solutions
- ERP integrations

... and harnesses very favorable trends in digital transformation worldwide

Digital transformation is driving trends towards cloud software...

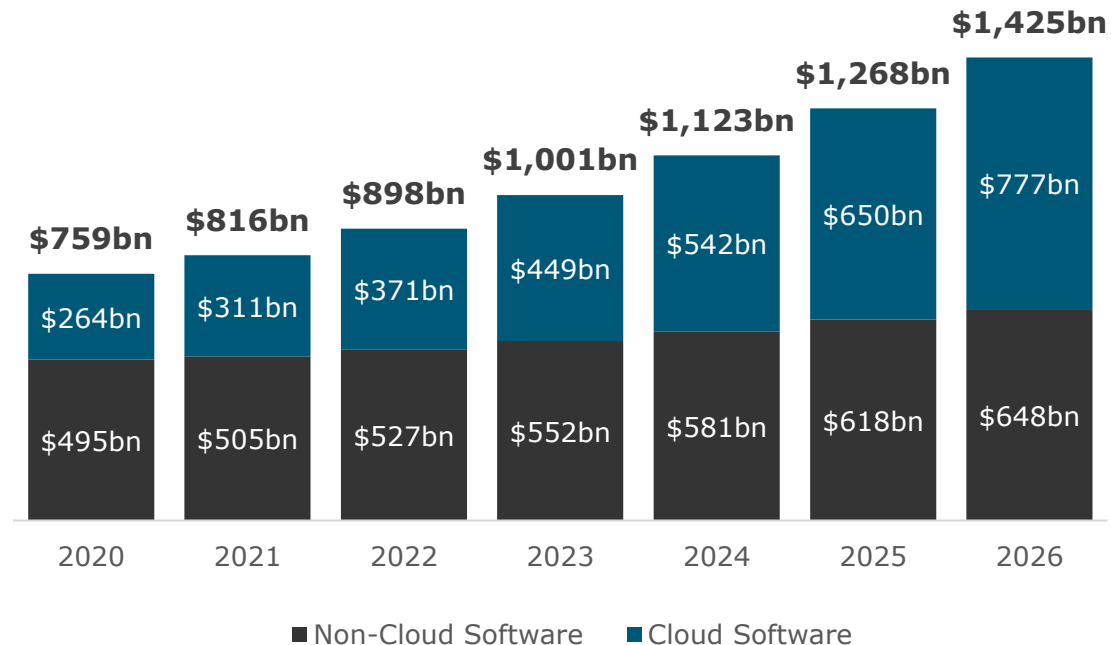
Global Software Spending: On-Premise vs. Public Cloud



Cloud-delivered software to account for 61% of the software market by 2026 (from 43% today).

... which is expected to grow at a ~20% CAGR through 2026

Global Digital Transformation Software Spending



Cloud computing enables IT and business innovation while freeing up Company resources; external IT spending typically accounts for 2% - 5% of company expenses but extends to 50% - 90% of a Company's operations.

ServiceNow's successful positioning and expansion across the enterprise creates an exciting opportunity for its ecosystem

Key trends



ServiceNow's revised partner strategy includes a new designation system along with initiatives to drive partner innovation and growth



ServiceNow has recently pushed into the ERP market with its Procurement Service Management tool



ServiceNow continues to invest in its industry solutions, which include Telco, Manufacturing, Media, Tech, Financial Services, Public Sector, and Healthcare/Life Sciences



ServiceNow's 2021 revenue grew at an impressive YoY rate of 30.4%, reflecting robust performance across the core IT business as well as emerging areas such as creator, employee, and customer workflows

ServiceNow partner opportunity



Partners are able to better differentiate themselves and rely on ServiceNow's ongoing support in delivering services to customers



There is an opportunity for the partners to capitalize on global supply chain woes and cross-sell ERP and legacy ServiceNow solutions



Buyers see value in firms focusing on marketing to specific industry segments and building out products and services that target these industries



Dynamic growth across all segments should support partners and provide ample cross-sell opportunities



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The global ServiceNow partner ecosystem is fairly fragmented across all scales

Large (>1,000 employees)



- The largest ServiceNow services providers are a mixture of digital IT companies (e.g. Accenture, DXC Technologies, Nagarro) and large, diversified IT & BPO providers (e.g. Infosys, Larsen and Toubro, Wipro)
- This market has become attractive to large and diversified technology consultancies, highlighted by NTT Data's acquisition of Acorio (August 2020)

Mid-size (200-1,000 emp'ees)



- Mid-size companies are largely comprised of private equity backed, ambitious digital transformation companies (e.g. Akquinet, Crossfuzer, Newrocket) that have grown organically and through acquisition
- Notable investors in this space include Gryphon Investors (Newrocket), RLJ Equity partners (Crossfuzer), and Deutsche Beteiligungs (Akquinet)

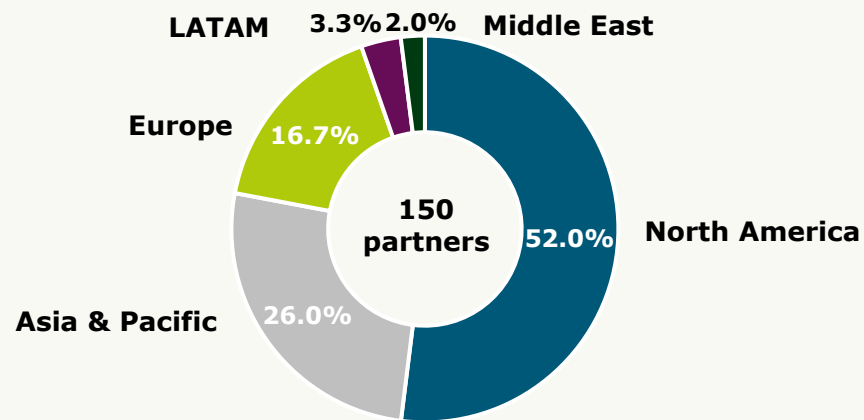
Independent Specialists (0-200 emp'ees)



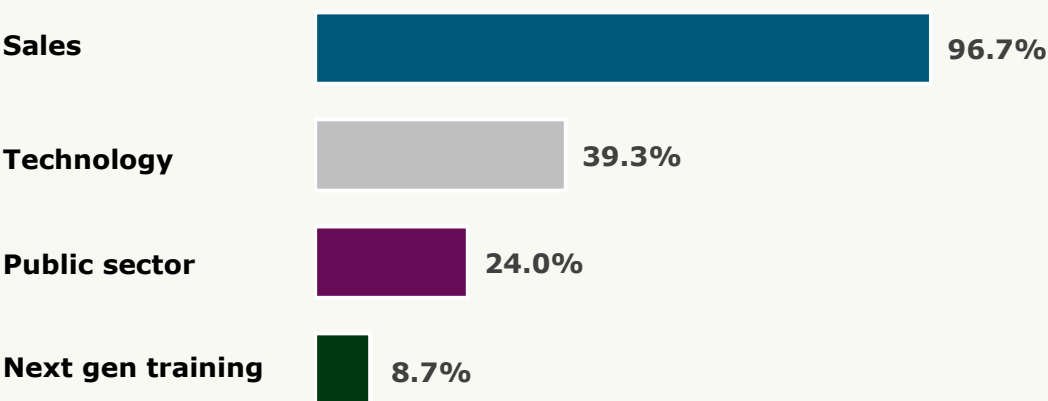
- The smaller, emerging firms typically focus on agility and innovation, either through specific verticals or geographic niches
- Firms can sometimes come from a consulting or managed services standpoint and evolve into an end-to-end cloud service provider

North America remains the home for the majority of ServiceNow partners⁽¹⁾

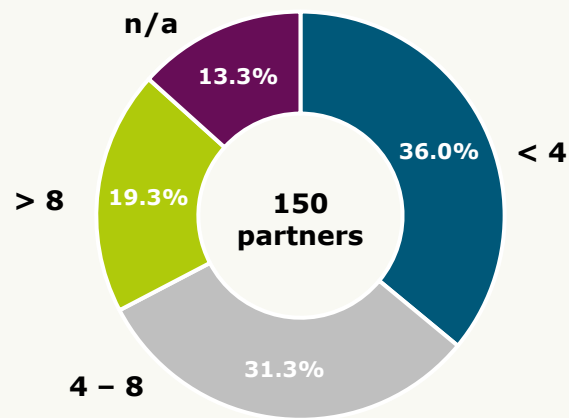
Breakdown by headquarters



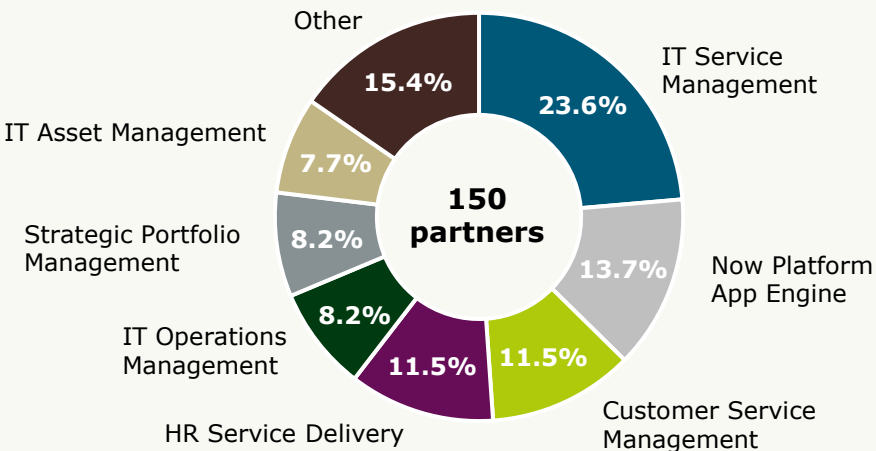
Proportion of service partners with additional partner type



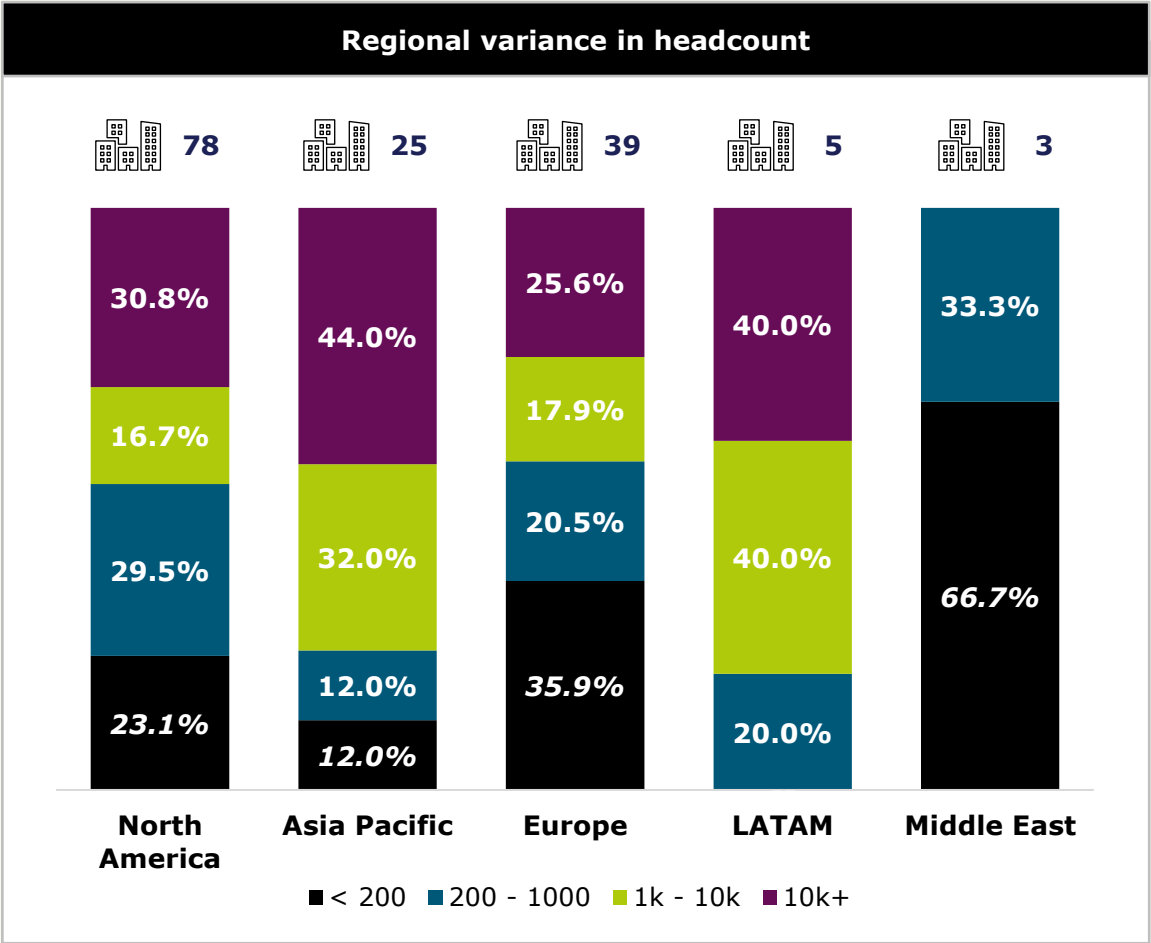
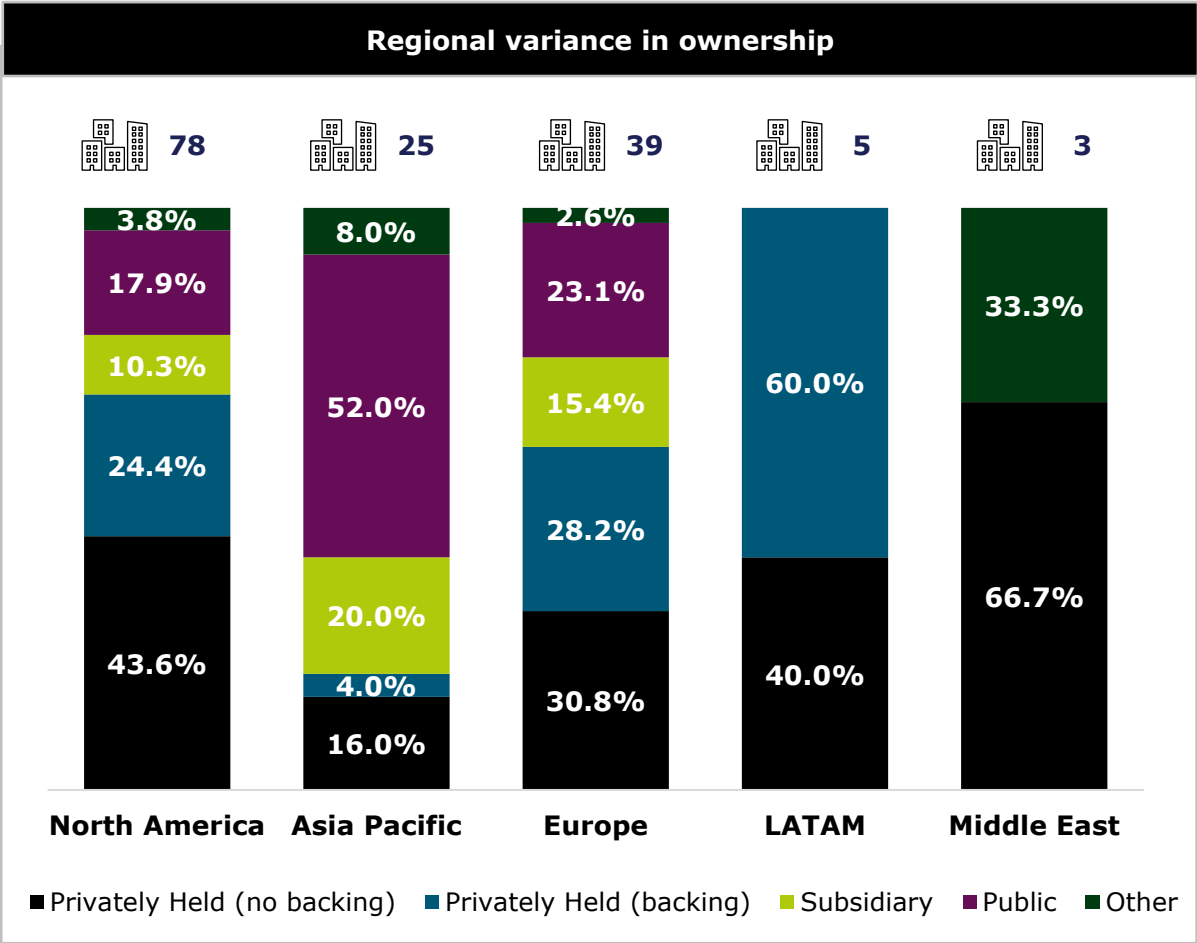
Breakdown by # of sectors served



Breakdown by most common product line achievements



ServiceNow's regional maturity is reflected by the diversity of ownership structures within its partner ecosystem⁽¹⁾



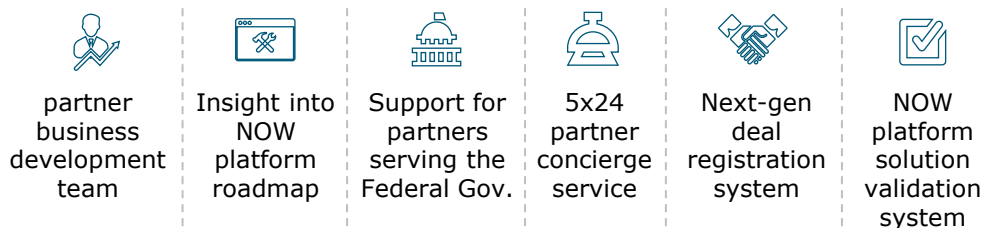
 **# of partners**

The ServiceNow partner ecosystem has seen accelerated consolidation from strategic acquirers and financial investors

External factors have influenced the ServiceNow partner M&A market



May 2019 – ServiceNow transforms its partner strategy, launching new partner designations and initiatives to drive partner innovation and growth



This was underpinned by a joint go-to-market forged by the partner ecosystem



The C-19 outbreak greatly accelerated demand for digital transformation services, resulting in a very active M&A market during 2020.

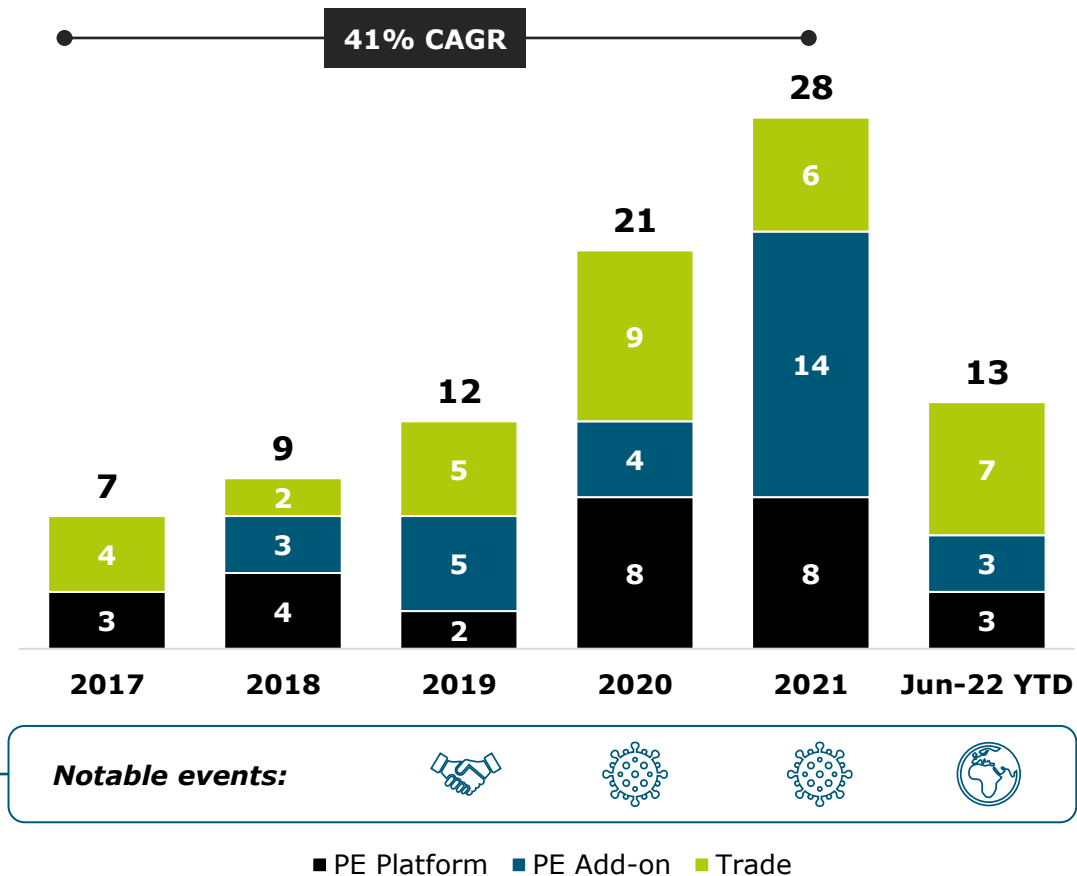
Loose monetary policies and record Private Equity 'dry powder' propelled PE-related transactions during 2021.



In the first half of 2022, the global 'tech rout' was amplified by conflict in Ukraine, rising inflation and tightening monetary policies, yielding a subdued M&A market.

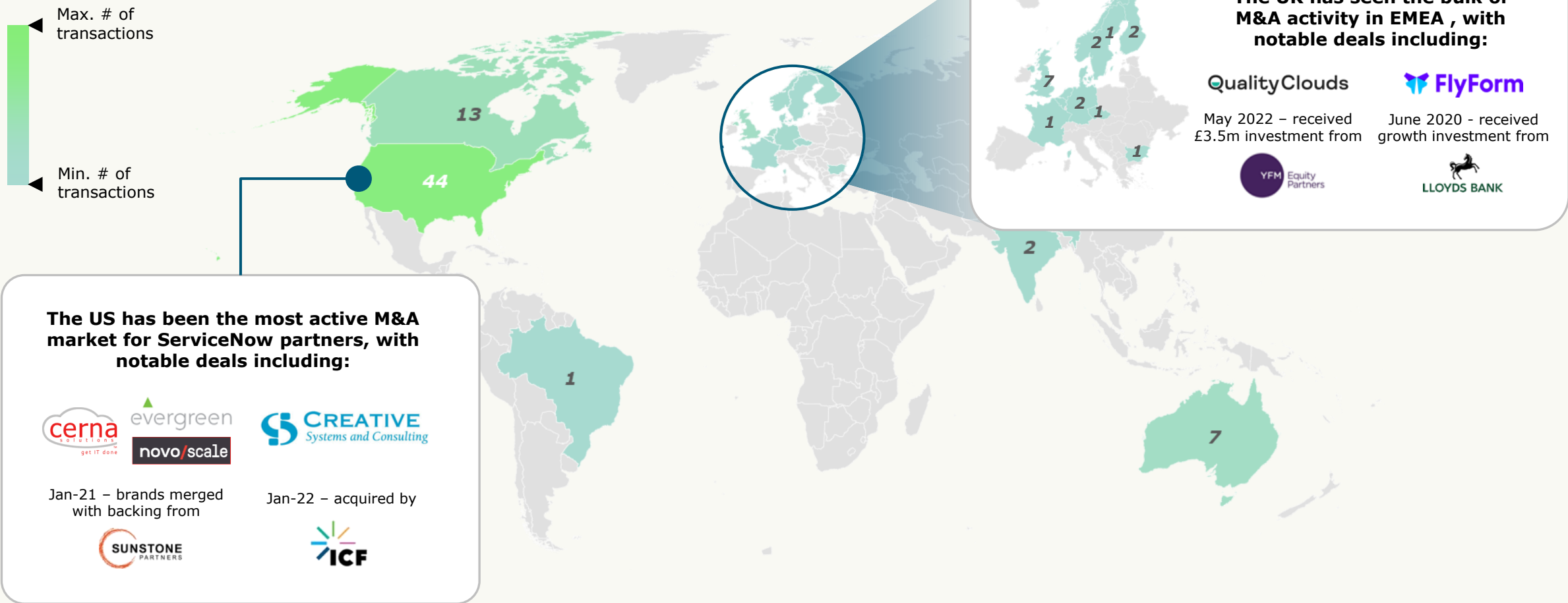
Despite these headwinds, ServiceNow partner transactions are still on track to exceed 2020 numbers on a run-rate basis.

Breakdown of ServiceNow partner transactions by strategy

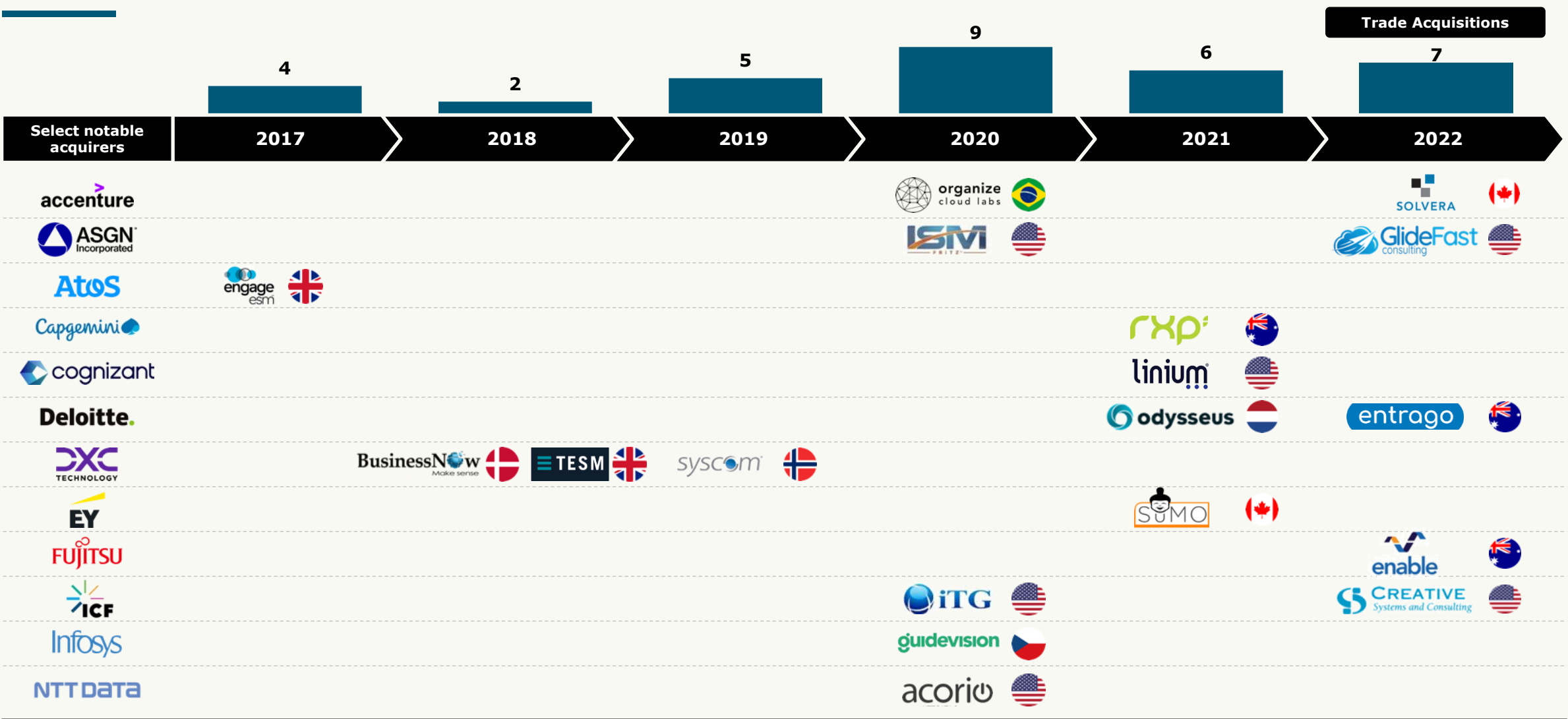


The mature North American ecosystem has driven global deal volume, while the UK has seen the most activity in Europe

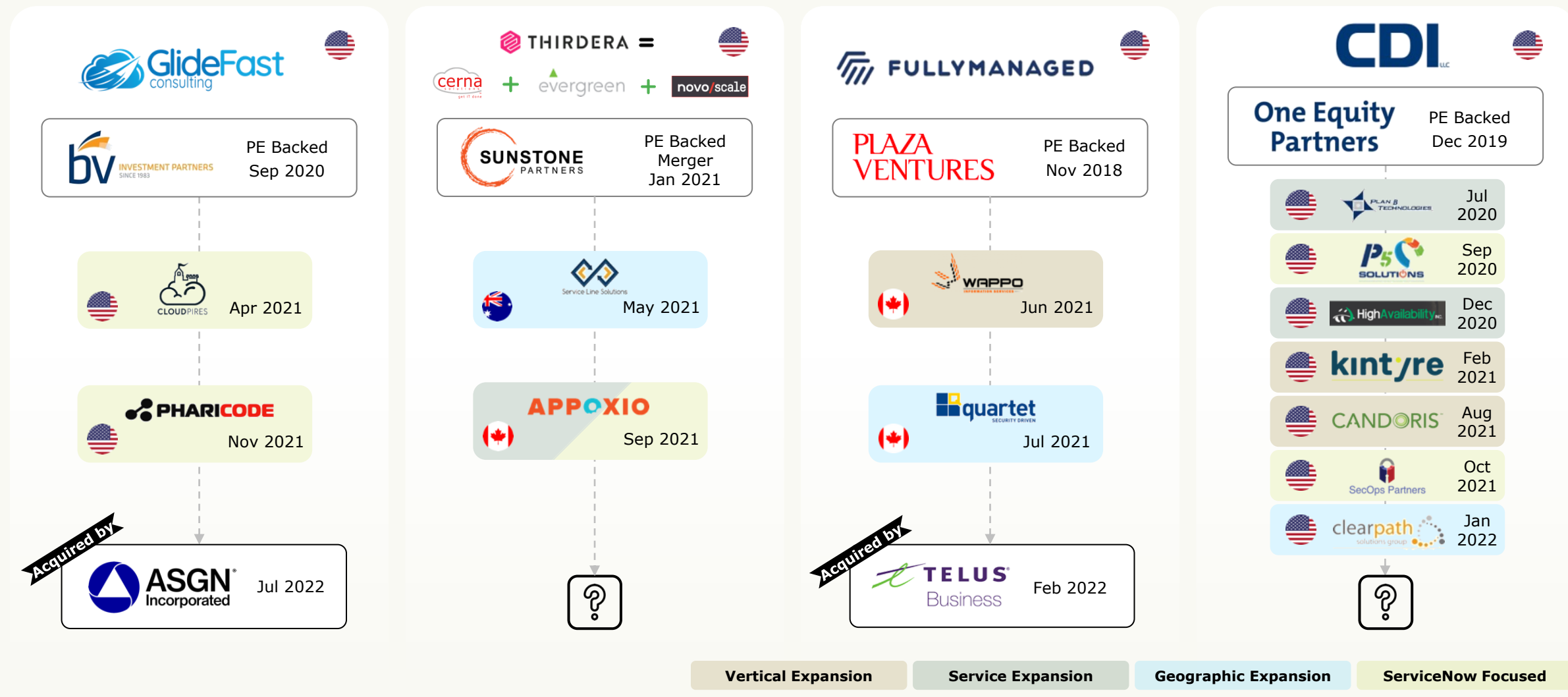
Transactions by country – 2017 to Jun-22 YTD



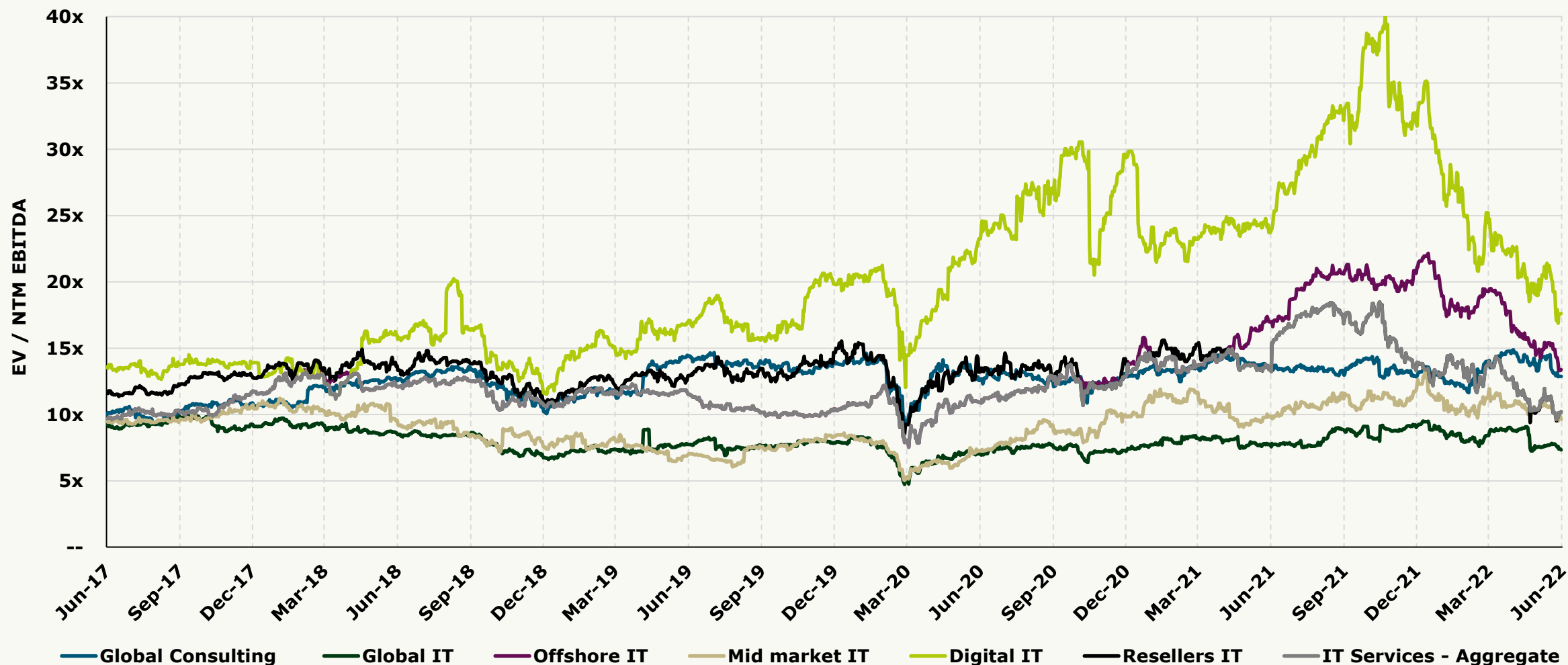
Leading Professional & IT Services players have prioritized ServiceNow capabilities in their inorganic agendas



Private Equity firms have been active in rolling-up the North American landscape through buy-and-build strategies



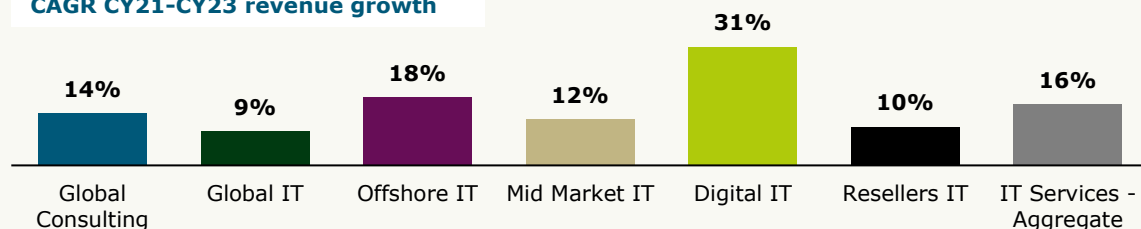
Digital IT firms remain above pre-COVID levels despite recent pullbacks, attracting multiples of ~18x NTM EBITDA



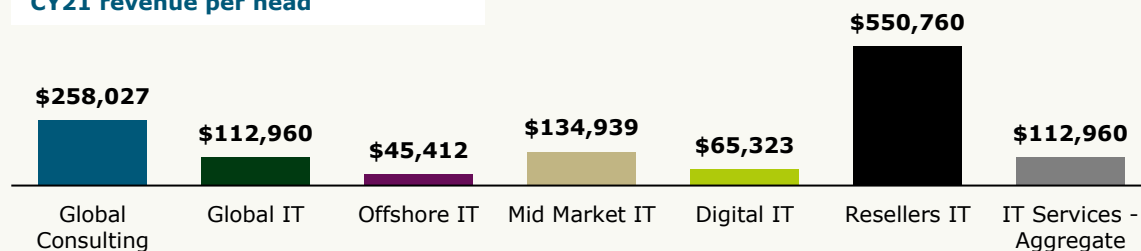
Digital IT firms outperform other categories in growth expectations & EBITDA margins, yielding elevated valuations

Median Revenue & EV benchmarks

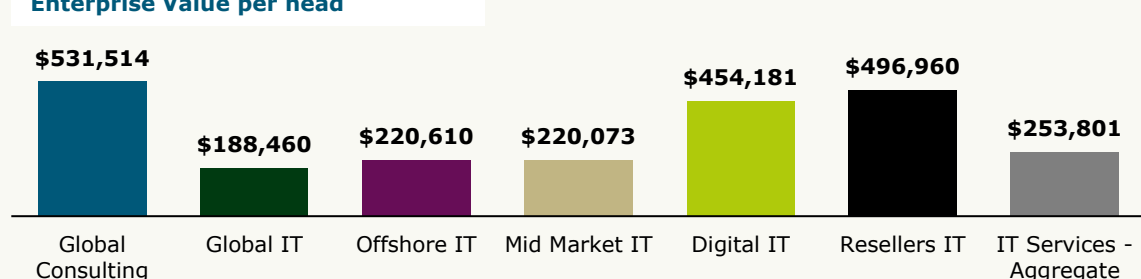
CAGR CY21-CY23 revenue growth



CY21 revenue per head

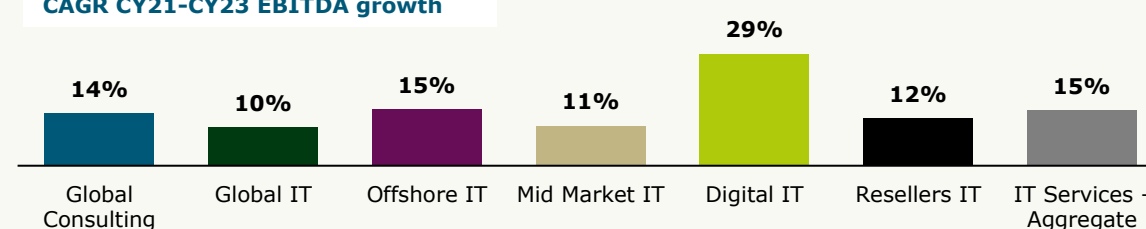


Enterprise Value per head

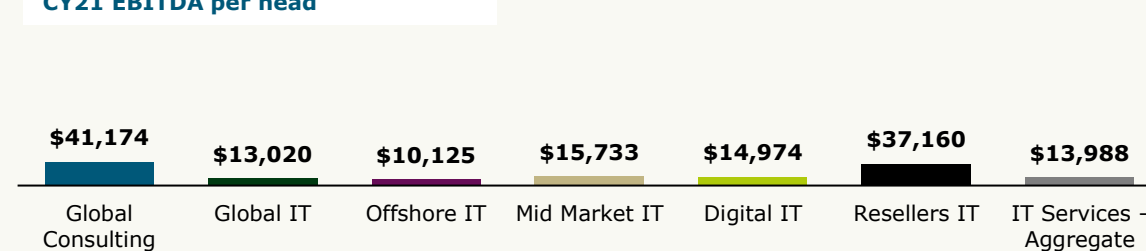


Median EBITDA benchmarks

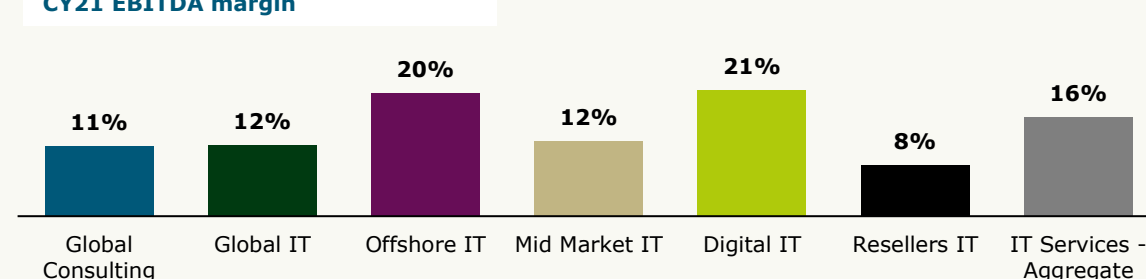
CAGR CY21-CY23 EBITDA growth



CY21 EBITDA per head



CY21 EBITDA margin





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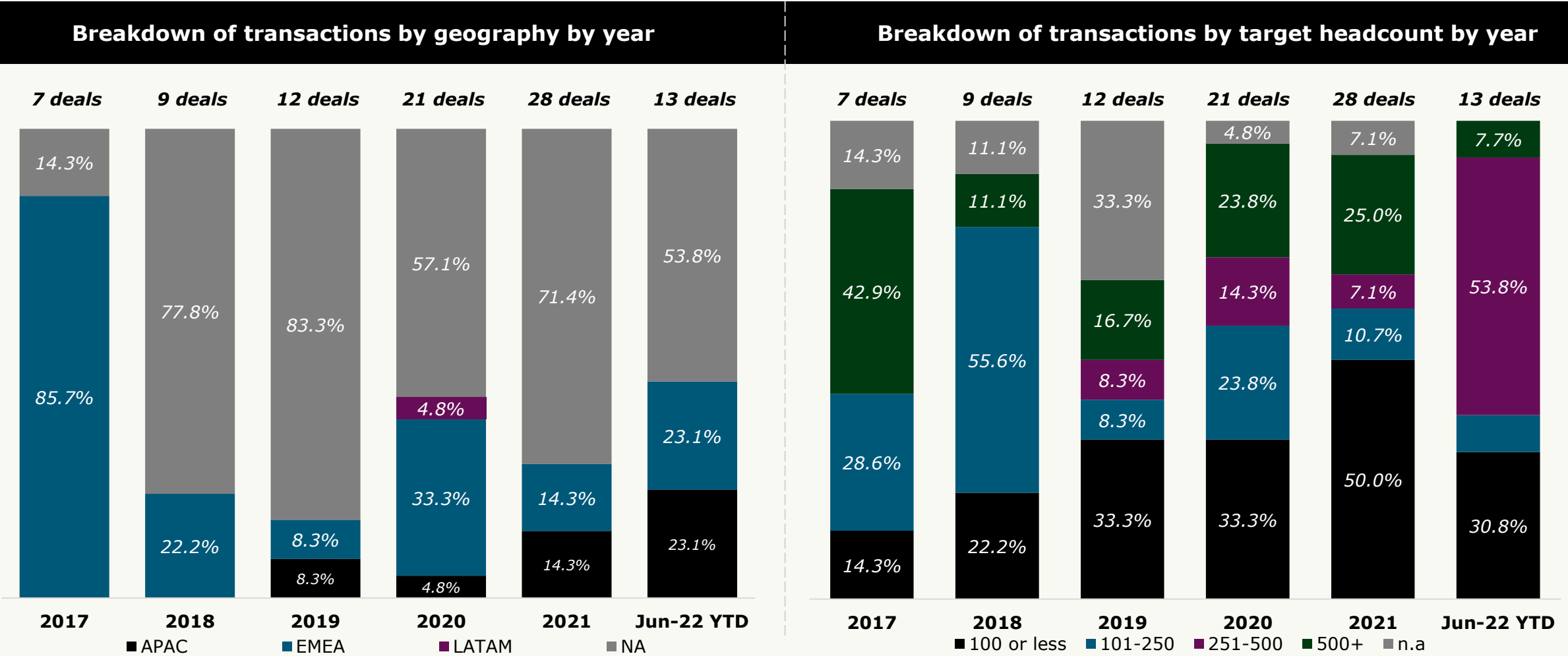
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Most transactions during 2017-Jun-22 YTD involved companies with 100+ people, primarily based in North America



Recent ServiceNow partner M&A activity

(1/4)

Buyer	Target	Closed date	Commentary
 	 	Jul-22	The acquisition of Canada's largest independent ServiceNow partner will help Accenture meet high levels of demand in the rapidly growing Canadian ServiceNow consulting ecosystem
 	 	Jul-22	The acquisition of APAC's largest, independent ServiceNow partner deepens Fujitsu's ServiceNow expertise and exposure to specific industries across the region
 	 	Jun-22	The acquisition will strengthen Inetum's position as a leader in Enterprise Service Management and Digitisation as Do IT Wise bring significant ServiceNow and low-code automation expertise
 	 	Jun-22	The acquisition adds in-demand ServiceNow expertise to ASGN's growing Apex Consulting Services team
 	 	May-22	The £3.5m investment will help QualityClouds scale their growing footprint in the US and expand the availability of their ServiceNow governance protocol
 	 	Apr-22	The acquisition further strengthens Deloitte's position in healthcare sector in Australia
 	 	Apr-22	The acquisition deepens Insource's expertise in Security Ops and Integrated Risk Management
 	 	Mar-22	The PE-backed MBO will see DBAG help Akquinet scale and capture the opportunities of the rapidly expanding German IT services market
 	 	Feb-22	The acquisition enhances Newrocket's global footprint and expertise across IT Workflows, Customer Workflows and Employee Workflows
 	 	Feb-22	The acquisition helps Telus to offer ServiceNow managed services as well as IT services for senior care organizations in the health care sector
 	 	Jan-22	The acquisition adds valuable ServiceNow and low/no-code automation expertise to Octo's service offering

Recent ServiceNow partner M&A activity

(2/4)

Buyer	Target	Closed date	Commentary
 	 	Jan-22	The acquisition will see Savli join Godspeed's US Defence-focussed, IT services platform consisting of Varen Technologies and Exceptional Software Strategies
 	 	Jan-22	The acquisition further strengthens ICF's offering of cloud development and expands its qualifications in the federal IT modernization/digital transformation arena
 	 	Dec-21	The deal reinforces a growing worldwide trend that matches MSPs (managed IT services providers) with ServiceNow consulting, deployment and management expertise
 	 	Oct-21	Backed by One Equity partners, CDI acquires SecOps to strengthen its expertise in ServiceNow Security Operations and Integrated Risk Management
 	 	Sep-21	The acquisition strengthens Deloitte's service expertise in ServiceNow and Project Portfolio Management
 	 	Sep-21	Backed by Sunstone partners, Thirdera acquires Appoxio to build niche expertise in both UX/UI design and ServiceNow
 	 	Aug-21	The ~\$3bn transaction saw Carlyle invest in Hexaware's highly profitable and scalable portfolio of cloud automation services that utilise the ServiceNow platform
 	 	Aug-21	Backed by Gryphon Investors, Highmetric acquires Newrocket's ITSM, security & user experience expertise and united the platform under the Newrocket brand
 	 	Jul-21	Backed by EQT, Nexon expands its international footprint across Australia
 	 	Jul-21	The investment will help realise The Cloud People's plan to become the leading Nordic GCP and ServiceNow through both organic and inorganic growth
 	 	May-21	The acquisition adds Fishbone's Elite ServiceNow partner expertise in Integrations to the newly created Highmetric platform


















Recent ServiceNow partner M&A activity

(3/4)

Buyer	Target	Closed date	Commentary
 	 	May-21	The acquisition adds Iceberg Network's leading ServiceNow SecOps, risk, and governance expertise to the newly created Highmetric platform
 	 	May-21	The transaction expands EY's delivery footprint with expertise across the ServiceNow platform including IT and customer service management and asset management
 	 	May-21	The acquisition expands BitTitan's service offering with end-to-end ServiceNow data integration capabilities
 	 	May-21	The acquisition positions Thirdera for growth in the Asia-Pacific region and adds to its technical capabilities
 	 	May-21	The investment will help Sofigate achieve its target of €500m by 2025 via organic growth and M&A
 	 	May-21	The ~\$7bn acquisition sees the creation of a leading, next-generation IT services provider for the national security environment
 	 	May-21	The acquisition further expands RSM's capabilities beyond financial consulting services into IT business management (ITBM) implementations services
 	 	May-21	The acquisition enhances iON's reach in the Canadian cybersecurity market
 	 	May-21	The significant minority investment will help SDI scale their service offering and penetration of the public and private sector across the US
 	 	Apr-21	The acquisition further expands GlideFast's ServiceNow capabilities and positions it as the largest partner in the ecosystem to be 100% dedicated to ServiceNow
 	 	Mar-21	The transaction further broadens Capgemini's expertise in a digital, data and cloud IT consulting firm with Microsoft, Salesforce and ServiceNow

Recent ServiceNow partner M&A activity

(4/4)

Buyer	Target	Closed date	Commentary
 U S T 	 abhra 	Feb-21	The deal helps UST meet demand for the matured capabilities of the platform and increasing user adoption
 Asset Management 	 advania 	Feb-21	The majority investment sees GSAM capitalising on Advania's strong growth and tailwinds in the Nordic IT Services market
 BPEA PRIVATE EQUITY 	 virtusa 	Feb-21	The take private transaction will help Virtusa focus on innovation in its cloud transformation practice
 cognizant 	 linium 	Jan-21	The acquisition helps Cognizant execute its pivot into cloud strategy by adding significant ServiceNow workflow expertise to its portfolio
 THIRDERA 	 cerna 	Jan-21	The acquisition forms an immediate add-on to the newly created Thirdera platform, adding initial scale to help Thirdera become the largest pure-play ServiceNow partner in the world
 THIRDERA 	 NOVO 	Jan-21	The acquisition forms an immediate add-on to the newly created Thirdera platform, adding initial scale to help Thirdera become the largest pure-play ServiceNow partner in the world
 SUNSTONE PARTNERS 	 evergreen THIRDERA 	Jan-21	The acquisition sees Evergreen rebranded as Thirdera, a Sunstone partners roll-up with the ambition of becoming the largest pure-play ServiceNow partner in the world
 H.L.G. CAPITAL 	 GDT 	Jan-21	The minority investment will see General Datatech drive further growth and expand the range of services available to its blue-chip and Government clients



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About Equiteq

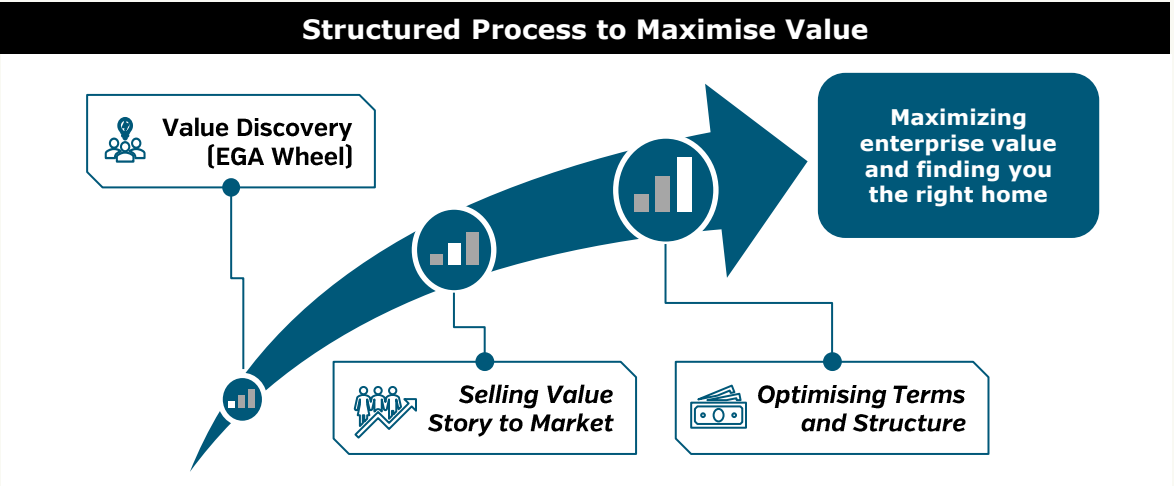
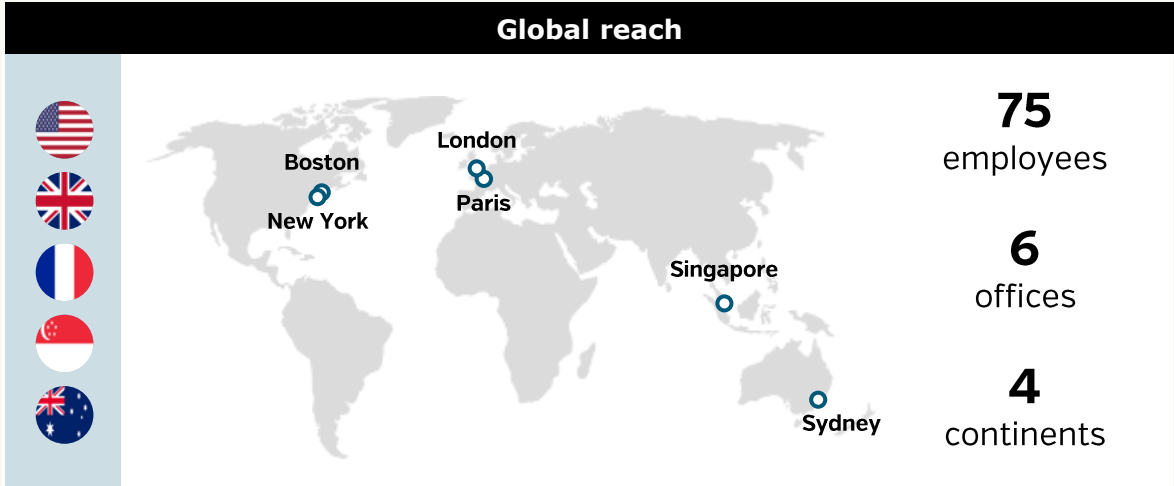
We are a global integrated team of passionate and specialized M&A transaction advisors.

Our goal is to shed the right light on and deliver outstanding transaction outcomes for owner-managers and private equity that are heavily invested across various segments of the technology services, consulting & outsourcing industry.






Introduction to Equiteq

1	Focus on knowledge-specific sectors <ul style="list-style-type: none">Through unique research and constant conversation with market participants, Equiteq maintains differentiated insights across the entire knowledge economy
2	Strong expertise in positioning knowledge economy businesses <ul style="list-style-type: none">Equiteq's experience with consulting firms ensures that we understand your business and the keys to unlocking maximum value
3	Established relationships with the most relevant buyers <ul style="list-style-type: none">Equiteq's Market Intelligence team maintains continuous correspondence with the most active players in the market
4	Deep understanding of client's strategic needs <ul style="list-style-type: none">Equiteq recognizes the importance of addressing all of your personal destination goals including the timing, synergy fit, and price
5	Preparing companies for a successful exit is in our DNA <ul style="list-style-type: none">Equiteq boasts over a decade of proven success in running world-class, highly competitive processes and driving exceptional outcomes for clients
6	Global presence informs our unique approach to M&A <ul style="list-style-type: none">With six offices spread throughout North America, Europe, APAC, and Australia, Equiteq has a true global footprint



We are the most active M&A advisor for the Knowledge Economy worldwide

Selected Completed Transactions

 ServiceNow Elite partner Sold to  Advised on the sale July 2022	 Azure partner & Cloud Specialist Sold to  Advised on the sale July 2022	 Anaplan Gold partner Sold to  Advised on the sale June 2022	 Platinum Salesforce partner Sold to  Advised on the sale June 2022	 Anaplan Gold partner Received investment from  Advised on the investment May 2022	 Design & Innovation Consultancy Sold to  Advised on the sale April 2022	 Infrastructure Consultancy Receives majority investment  Advised on the investment April 2022	 CX Tech Consultancy Sold to  Advised on the sale March 2022	 PE-backed Cybersecurity Specialist Acquired  Advised on the acquisition February 2022	 Financial Services Consultancy Sold to  Advised on the sale February 2022
 AI & Analytics Specialist Sold to  Advised on the sale January 2022	 Data Consultancy Sold to  Advised on the sale January 2022	 Microsoft Gold partner Growth Financing by  Advised on the financing January 2022	 SAP Consulting Sold to  Advised on the sale January 2022	 Salesforce Consulting Sold to  Advised on the sale January 2022	 Digital Consulting Acquired  Advised on the acquisition December 2021	 Private Equity Invested into  Advised on the investment December 2021	 AI & Automation Consultancy Sold to  Advised on the sale December 2021	 Procurement & Supply Chain Consulting Sold to  Advised on the sale December 2021	 Engineering Consultancy Acquired  Advised on the acquisition November 2021
 Digital consulting Sold to  Advised on the sale October 2021	 Construction Consulting Acquired  Advised on the acquisition October 2021	 Development Solutions Sold to  Advised on the sale August 2021	 Retail Consulting Sold to  Advised on the sale July 2021	 Economics Consulting Sold to  Advised on the sale July 2021	 SAP EPM Specialist Sold to  Advised on the sale June 2021	 Operations Transformation Sold to  Advised on the sale May 2021	 Engineering Consulting Acquired  Advised on the acquisition May 2021	 Microsoft Gold partner Sold to  Advised on the sale May 2021	 Cloud Transformation Acquired  Advised on the acquisition May 2021
 Healthcare Consulting Equity Financing by  Advised on the financing April 2021	 Change Consulting Sold to  Advised on the sale January 2021	 Change Consulting Merged with  Advised on the merger January 2021	 Banking Technology Sold to  Advised on the sale December 2020	 Geoengineering Solutions Sold to  Advised on the sale December 2020	 ServiceNow partner Sold to  Advised on the sale December 2020	 IT Solutions Sold to  Advised on the sale November 2020	 Change Consulting Sold to  Advised on the sale October 2020	 Salesforce Consulting Sold to  Advised on the acquisition September 2020	 Life Sciences Consulting Received Investment from  Advised on the investment September 2020



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Solvera Case Study: optimizing a transaction outcome for a leading ServiceNow consulting partner

Client / Target Overview	 <ul style="list-style-type: none">Solvera Solutions is a Regina, Saskatchewan based, elite digital transformation solutions firm, with deep expertise across the ServiceNow, Microsoft, and SAP platforms, focused on serving businesses in mission critical industries	<h3>Key Highlights</h3> <p>Year Founded: 2005 Headquarters: Regina, Saskatchewan Total Employees: ~450 Key Practice Areas:</p> <ul style="list-style-type: none">“Go-To” Partner for ServiceNow servicesDigital TransformationStrategic Consulting ServicesSolution ServicesModern Workplace SolutionsApplication Development
Buyer Overview	 <ul style="list-style-type: none">Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all these services	
Transaction Overview	<ul style="list-style-type: none">Solvera engaged Equiteq to conduct a strategic review of its business and to advise it on a potential sale after receiving several inbound M&A inquiriesIn July 2022, Equiteq successfully completed the sale of the business to Accenture after running a robust, highly competitive process to garner maximum pricing tension	
<h3>Equiteq’s Impact</h3> <ul style="list-style-type: none">Accelerated process timing, optimized transaction terms, and achieved a premium valuationHighly effective and efficient bidding and due diligence processSeveral investment merits resonated with buyers:<ul style="list-style-type: none">Key Partnerships with ServiceNow, SAP, and MicrosoftProven track record of success with marquee clientsUnique, custom solutions supported by extensive intellectual propertyLed by trusted, talented, and proven industry experts & thought leaders		
<h3>Client Testimonial</h3> <p>As we embarked on our journey to find a strategic advisor for our ownership succession plans, it became clear early on that Equiteq was the best fit for our firm. Their knowledge of the technology sector, combined with their global reach and relationships, gave us confidence that that we would find the right strategic partner to take our company to the next level. We are thrilled with the result. Equiteq was instrumental in guiding us through a strategic and methodical process. It was an absolute pleasure to work with the Equiteq team, and we were extremely happy to have partnered with them to achieve an outstanding outcome.</p> <p>-Reg Robinson (CEO) -Jim Ostertag (Chairman)</p>		

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Growing equity, realizing value

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