



servicenow[®]

ServiceNow Partner M&A Activity

April 2024

Review of ServiceNow Partner M&A activity

ServiceNow Performance

Revenue growth at ServiceNow has really been extraordinary, from start up to \$9bn in revenues in 20 years. It also shows little sign of slowing down. Starting life as an IT service management platform, it now automates any workflow. Its AI capabilities are also now helping to boost demand further – particularly with Now Assist (its new virtual assistant).

The shares are up 12% this year, on the back of a strong jump in 2023, when the shares nearly doubled. The market cap of \$155bn equates to a punchy 17x 2023 revenues. But despite its size, it is still growing at 26% YoY in the latest quarter and is forecasting growth of 22% in 2024.



Partner Impact

These growth rates are creating huge demand for ServiceNow specialists. That is one of the main drivers for ongoing M&A demand in the sector (78 deals in the past 5 years) as digital transformation providers and global Technology Consulting buyers look to add capability in a hurry. Serial acquirers include **Accenture**, **EY** and **DXC**.

There has been a jump in UK targets too, with 5 ServiceNow deals in the UK last year. The deals and main buyers are highlighted below.

Selected Buyers Acquiring UK-Based Partners

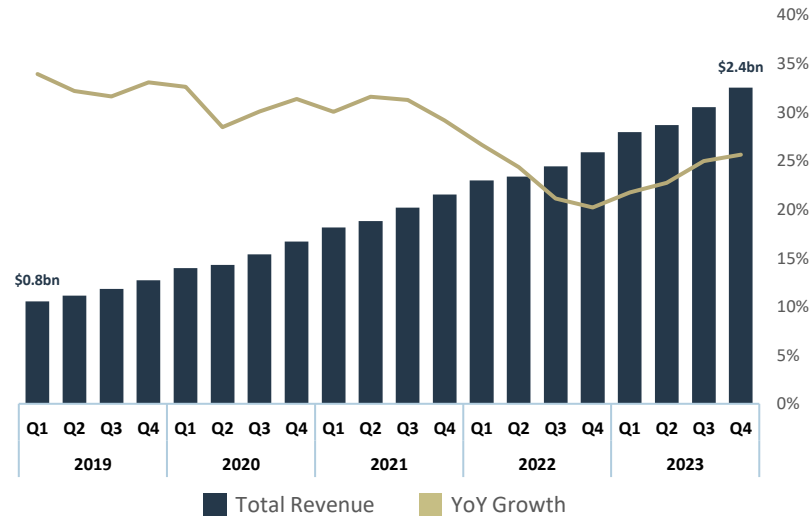


Note 1: 5-year YoY quarterly revenue growth range
Source(s): ICON analysis, Cap IQ, Pitchbook and company filings

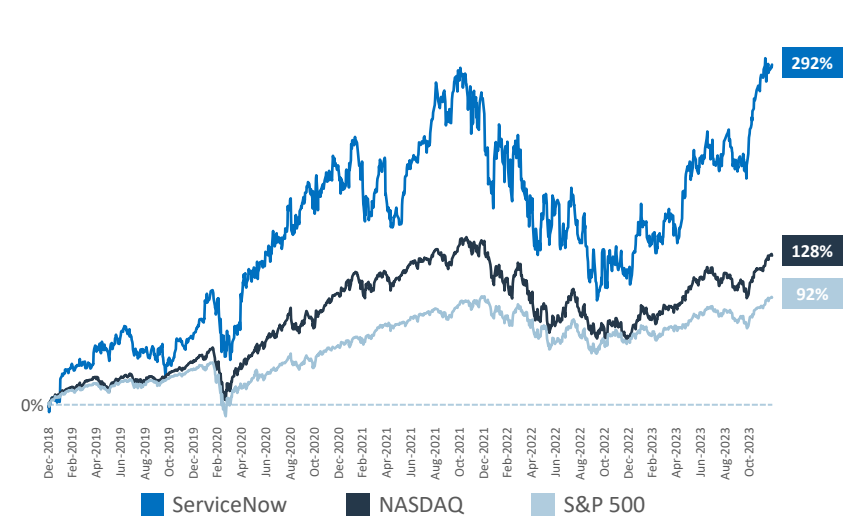
ServiceNow – relentless growth creates ongoing M&A demand for specialists

Over 78 deals in 5 years

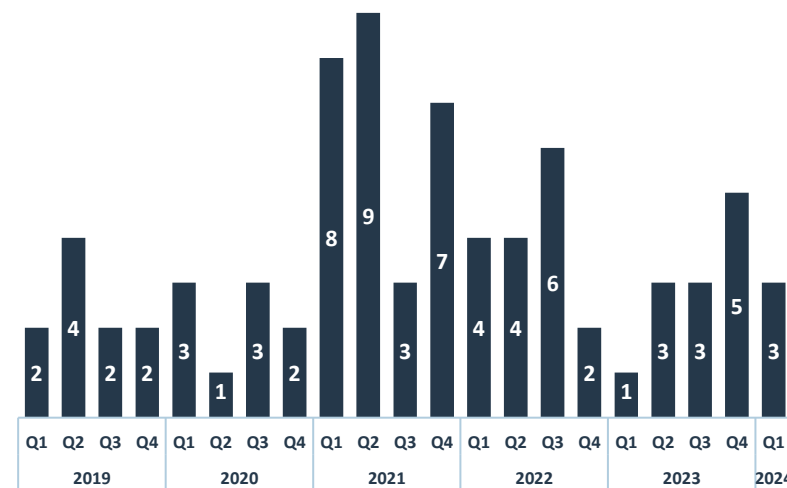
Quarterly ServiceNow Revenue and YoY Growth



ServiceNow Share Price Performance



Quarterly ServiceNow Partner M&A Deal Count



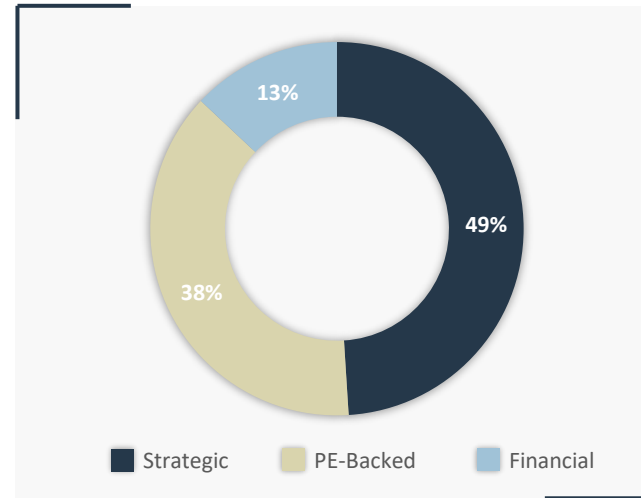
Perspective

- Revenue growth briefly dipped to “only” 20% in late 2022 but has since accelerated as new AI features have stimulated extra demand.
- Compound growth of 27% over 5 years means quarterly revenues have tripled in that period.
- That has created strong demand for skilled ServiceNow engineers and many have used M&A to plug the skills gap.
- As a result there has been a steady stream of M&A deals in the Partner network each year. 78 deals in 5 years.
- In 2023 there was a pickup in UK Partner deals with Unifii, Sapphire, Proceed, Whyaye and Cloud Stratex all exiting.

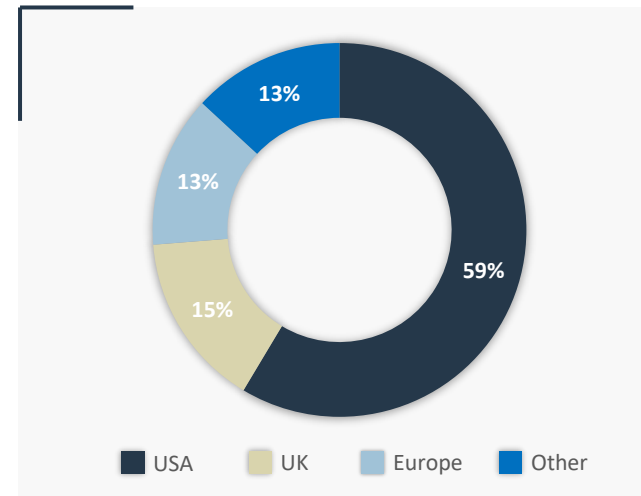
Source(s): ICON analysis, Cap IQ, Pitchbook and company filings

Global Technology Consulting buyers dominate the M&A landscape

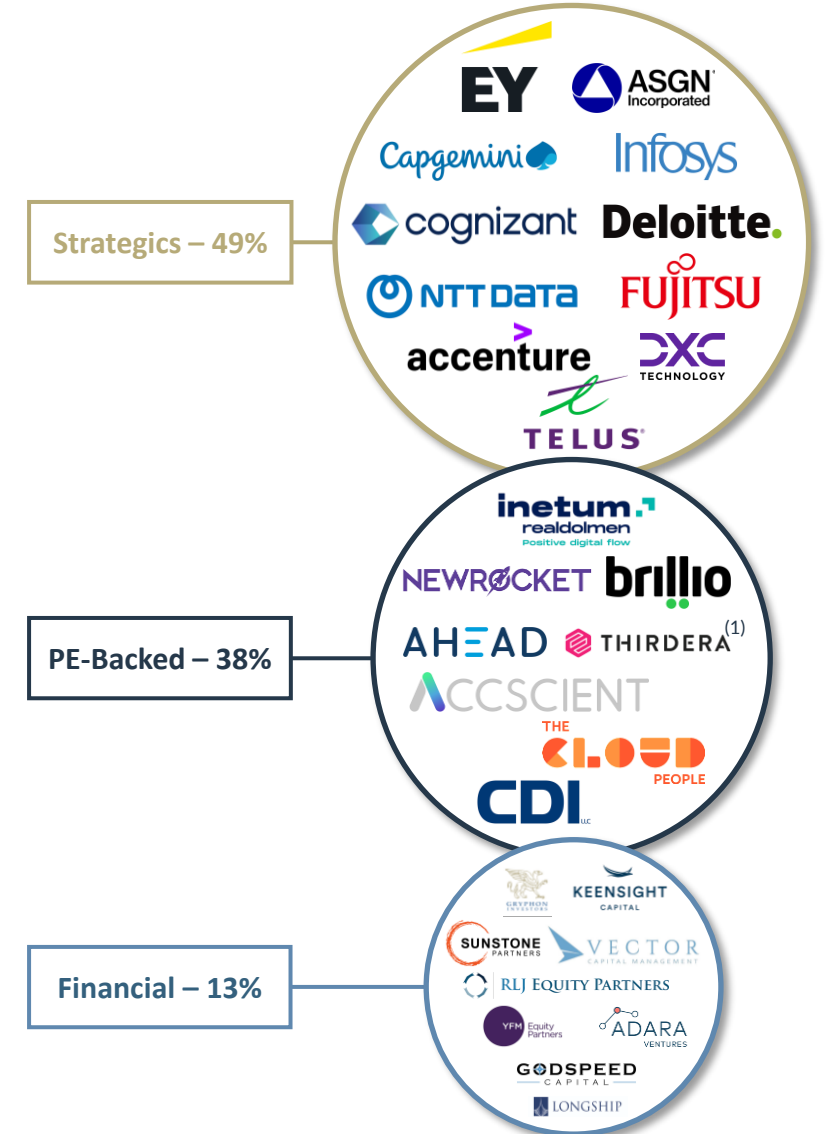
ServiceNow Partner Acquirers by Type



ServiceNow Partner Acquirers by Country



Featured Acquirers by Type



Note 1: Thirdera was acquired by Cognizant (NASDAQ: CTSI) on 13/12/2023
 Source(s): ICON analysis, Cap IQ, Pitchbook and company filings

Ongoing waves of market consolidation in ServiceNow Partners

Strategic and PE-backed serial acquirers

Strategic Consolidators

PE-Backed Consolidators

As of Jan-24 now part of cognizant

APPOXIO

Merged to form Thirdera

UK deals

There was a big jump in M&A deals in UK-based ServiceNow Partners in 2023

servicenow®

inetum.
ACQUIRED
unifii
🇬🇧 Q4 23

NTT Data
ACQUIRED
sapphire
frictionless digital
🇬🇧 Q4 23

inetum.
ACQUIRED
Proceed
🇬🇧 Q3 23

EY
ACQUIRED
whyaye!
🇬🇧 Q2 23

brillio
ACQUIRED
CLOUD STRATEX
🇬🇧 Q2 23

YFM Equity Partners **ADARA VENTURES**
aldea
INVESTED IN
Quality Clouds
🇬🇧 Q2 22

sapphire
frictionless digital
ACQUIRED
ITOM Solution
🇬🇧 Q1 21

DXC TECHNOLOGY
ACQUIRED
TESM
🇬🇧 Q4 18

accenture
ACQUIRED
FOCUS GROUP EUROPE
🇬🇧 Q1 17 **ICON**

ICON deep sector experience across cloud services



SOLD TO



Sector
IT Services
Digital Transformation

Technology
Microsoft Azure
Microsoft 365

Deal type
Strategic Sale



SOLD TO



Sector
IT Services
Digital Transformation

Technology
Microsoft Azure

Deal type
Strategic
Investment/Sale




FUNDED BY




Sector
Enterprise Software
Microsoft Digital
Transformation

Technology
IT infrastructure
management software

Deal type
PE Growth Investment



SOLD TO



Sector
IT Services
Unified Comms
Teams

Technology
Microsoft Teams
UCaaS

Deal type
Strategic Sale



SOLD TO



Sector
IT Services
Enabling Tech

Technology
ServiceNow

Deal type
Strategic Sale

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