# ServiceNow's impressive stock surge raises speculation about a potential split



In the realm of technology stocks, the buzz surrounding artificial intelligence (AI) has driven remarkable performance, particularly for enterprise software titan ServiceNow (NYSE: NOW). Last year, ServiceNow's shares surged by an impressive 50%, outperforming the S&P 500 index and the Nasdaq Composite. As of 2024, ServiceNow shares are trading around $1,000 each, raising speculation about a potential stock split as early as 2025.

A stock split is a strategic financial manoeuvre wherein a company increases the number of its outstanding shares while proportionately decreasing the share price, keeping the overall market capitalisation unchanged. For example, in a hypothetical 10-for-1 stock split, a company with shares priced at $100 and one million shares outstanding would see its share price fall to $10, with the total shares rising to 10 million, maintaining a steady market cap of $100 million.

Historically, ServiceNow has yet to execute a stock split since its initial public offering (IPO) in 2012. Over the last twelve years, it has witnessed a staggering increase of over 4,000% in its stock price, which has led to discussions about the accessibility of its shares for retail investors. As share prices rise, they can be perceived as being more expensive, potentially deterring smaller investors from purchasing. A stock split could address this issue, making shares more appealing by presenting a reduced, split-adjusted price.

ServiceNow is categorised as a growth stock, with its primary focus on customer acquisition and revenue expansion through relentless investments in research and development (R&D) and marketing. This reinvestment strategy may result in volatile profitability trends, complicating the evaluation of the stock based on traditional metrics such as price-to-earnings (P/E) ratios. Instead, analysts may take into account the enterprise value-to-revenue (EV/Revenue) ratio, revealing that ServiceNow currently trades at a premium compared to its five-year EV/Revenue average.

The prevailing interest in AI technology is viewed as a significant factor contributing to ServiceNow’s optimistic future prospects. Experts argue that despite its lofty share price, the company may actually be undervalued as AI technology continues to permeate the enterprise software sector. Analysts suggest that ServiceNow’s strong market positioning, fuelled by ongoing advancements in AI, positions it well for potential growth.

As the interest in AI evolves, ServiceNow remains a focal point for investors contemplating opportunities in the tech sector. Just as the company has capitalised on the current enthusiasm surrounding AI technologies, investors are watching closely for any developments, including the possibility of a stock split in 2025, which could further amplify interest in its shares.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.macrotrends.net/stocks/charts/NOW/servicenow/stock-price-history> - This link corroborates the historical stock price performance of ServiceNow, including the 50% surge in 2024 and the overall increase in stock price since its IPO.
2. <https://www.macrotrends.net/stocks/charts/NOW/servicenow/stock-price-history> - This link provides the current and historical stock prices of ServiceNow, supporting the claim that the shares are trading around $1,000 each.
3. <https://www.servicenow.com/company/media/press-room/third-quarter-2024-financial-results.html> - This link supports the financial performance and growth metrics of ServiceNow, including its subscription revenues and year-over-year growth.
4. <https://www.servicenow.com/company/media/press-room/second-quarter-2024-earnings.html> - This link provides additional financial results and growth metrics for ServiceNow, reinforcing its strong performance and investment in AI and R&D.
5. <https://www.morningstar.com/stocks/xnys/now/quote> - This link explains the valuation metrics of ServiceNow, such as the price-to-earnings (P/E) ratio and enterprise value-to-revenue (EV/Revenue) ratio, and how it trades at a premium.
6. <https://www.morningstar.com/stocks/xnys/now/quote> - This link discusses the market capitalization and financial strength of ServiceNow, supporting its classification as a growth stock.
7. <https://www.servicenow.com/company/media/press-room/third-quarter-2024-financial-results.html> - This link highlights ServiceNow's focus on AI and its impact on the company's growth and future prospects.
8. <https://www.servicenow.com/company/media/press-room/second-quarter-2024-earnings.html> - This link details ServiceNow's investments in AI and its strategic initiatives, which are seen as key factors in its future growth.
9. <https://www.macrotrends.net/stocks/charts/NOW/servicenow/stock-price-history> - This link provides historical context on ServiceNow's stock performance since its IPO in 2012, supporting the discussion on stock splits and accessibility for retail investors.
10. <https://www.morningstar.com/stocks/xnys/now/quote> - This link discusses the potential undervaluation of ServiceNow despite its high share price, based on its strong market positioning and AI advancements.
11. <https://finance.yahoo.com/news/prediction-artificial-intelligence-ai-software-091400148.html> - Please view link - unable to able to access data