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CASH-FLOW-BASED SOLVENCY ASSESSMENT IN TECHNOLOGY SERVICE COMPANIES WITH SAAS REVENUE MODELS: A CASE STUDY OF SERVICENOW

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Abstract

Cash flow management is crucial for technology service companies to sustain operations, drive financial growth, and mitigate risks, particularly for firms generating revenue through continuous operations or project-based engagements. Many providers operate under delayed payment schemes, creating a time lag between service delivery and cash inflows. Subscription-based models (SaaS) can provide predictable revenue streams but often require substantial upfront investments before the project is completed. Key challenges in managing cash flows include irregular revenue from project-based payments or delayed client settlements, significant upfront costs for talent acquisition, R&D, infrastructure, and rapid expansion that may strain liquidity if not properly managed. This research aims to develop a cash-flow-based solvency assessment model using ServiceNow, a leading capitalized technology services company, as a case study. The authors address current cash flow management challenges, highlight managerial specificities, and propose a new approach to

evaluating solvency, focusing on the role of cash flows from operating, investing, and financing activities in managing short-and long-term debt obligations. The scientific contribution lies in assessing the influence thresholds of these cash flows on solvency maintenance. The regression-based solutions identified in the case study are practically applicable to other organizations in the technology services sector. © 2025 Published by Faculty of Engineering.

Author keywords

Cash Flow Management; Financing Cash Flow; Liquidity Management; Regression Analysis; SaaS Revenue Model; Solvency Assessment; Technology Service Companies

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Abstract

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