

OKTA THIRD QUARTER FISCAL 2024
NOVEMBER 29, 2023
PREPARED REMARKS

Okta is posting its prepared remarks and earnings press release to its investor relations (IR) website to provide shareholders and analysts with additional detail prior to its quarterly earnings webcast. The webcast begins today, November 29, 2023, at 2:00 p.m. PT (5:00 p.m. ET) and will include executive comments followed by Q&A. To access the webcast of the executive comments and Q&A session, visit the IR section of our website at investor.okta.com.

[Customer Success]

Okta added 400 new customers in the quarter, bringing its total customer base to over 18,800, representing growth of 10%. New customer growth is an area that we believe is being impacted by the macro environment, which results in a sales environment that is more conducive to expanding existing customer relationships. The net customer adds also reflects increasing strength with larger organizations and public sector agencies.

We continue to see strong growth with large customers for both workforce and customer identity. In Q3, we added 160 customers with \$100,000 plus annual contract value, or ACV. Our total base of \$100,000 plus ACV customers now stands at 4,365 and grew 17%. Similar to the past few quarters, our fastest growing cohort was customers with \$1 million plus ACV, which grew over 40%.

A few notable examples of customer wins and upsells in Q3, which come from a wide range of industries.

- ❖ New Workforce Identity Cloud win: A large international supermarket chain was looking to improve its security posture and create a more cohesive login experience. With employees, partners, and external users using different multi-factor authentication systems, or none at all, both risk and infrastructure costs were high. Okta's Workforce Identity Cloud solutions will enable this company's users to seamlessly access company apps and systems, while bolstering its security posture and improving compliance.
- ❖ New Workforce Identity Cloud win: A global leader in aviation was seeking to replace its legacy, on-prem access management tool with a modern, cloud-based platform as part of its digital transformation initiative. Okta will help the company to reduce risk by allowing employees, contractors, and partners to securely access company information from any device, while also reducing total cost of ownership.

- ❖ New Customer Identity Cloud win: An international publishing company was looking to modernize its content engagement platform for registrations and logins. The company chose Okta for its ease of use and ability to provide a seamless login experience.
- ❖ Customer Identity Cloud cross-sell: A Global 2000 pharmaceutical company needed a highly scalable platform for its customer facing websites and apps. The customer is expecting significant growth in their customer base, making it more critical than ever to improve the customer experience, mitigate security risks and reduce maintenance costs.

[Okta Identity Governance]

Okta Identity Governance (OIG) continued its momentum in the third quarter with hundreds of new customers adopting the product. We continue to be pleasantly surprised at both the size of the organizations purchasing OIG, as well as the range of scenarios that OIG is brought on for – from replacing homegrown solutions and competitive displacements, to being deployed alongside an existing identity governance vendor. And we continue to see significant spend uplift with customers buying OIG as it's typically a third or more of their total Workforce Identity Cloud spend.

An exciting OIG upsell this quarter was with a Global 100 pharmaceutical and medical technology company. This long-time Workforce and Customer Identity Cloud customer was looking to consolidate technology and create consistency across its many business units. Okta Identity Governance will help the company mitigate security risks and ensure compliance across its thousands of clinical drug and medical device trials.

[Okta Privileged Access Generally Available]

Okta Privileged Access (OPA) becomes generally available this week (December 1, 2023). The launch of OPA completes Okta's unified identity platform across identity access, governance, and now privileged access. Okta is the only vendor today to provide a comprehensive modern identity management solution for workforce identity and delivers privileged access to all critical resources regardless of the platform. OPA is intended for all critical resources (servers, databases, infrastructure), both on-prem and in the cloud, including infrastructure and servers. Customers will be able to implement zero standing privileges, extend passwordless to the most critical resources, and democratize just-in-time access with self-service access requests and automation.

[Oktane Summary]

During the first week of October, Okta hosted Oktane in San Francisco. Over 4,000 people attended the live event and over 19,000 viewed it online. The headline of the event was the introduction of Okta AI, the identity solution for the next era of computing. Okta AI is AI for Identity. It's powered by the massive amounts of data the company has accumulated over the years, including anonymized insights crowdsourced from our 18,800 customers and the 7,000+ integrations in the Okta Integration Network, as well as data on usage, policies, threats, and risk signals. Okta AI uses that data to perform powerful, real-time security, developer, and policy actions. Okta AI is also infused into several of our products. It makes our existing products more valuable and new products possible — all while expanding what it means to be integrated and protected.

Below are just a few of the innovative products we rolled out at Oktane. Note that the launch dates for the new products and features that were highlighted at Oktane will be pushed out by approximately three months given our focus on security.

Okta AI for enterprise security

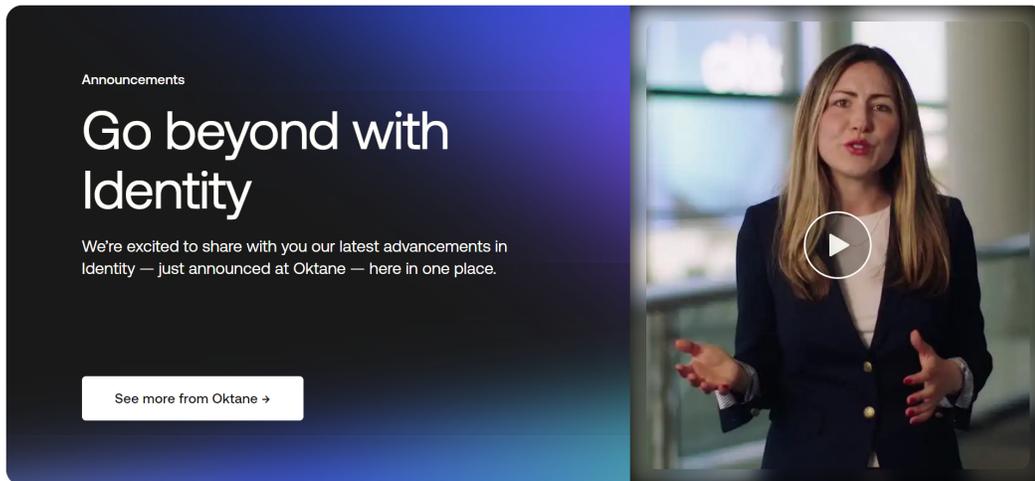
[Identity Threat Protection with Okta AI](#), a new product that will enable businesses to prevent and respond to threats faster than ever before. It empowers organizations to automate the detection and remediation of Identity threats across the tech ecosystem. It extends adaptive risk evaluation from the point of authentication to any time a user is logged in and helps you quickly prevent and respond to threats. Identity Threat Protection allows for an array of powerful new actions like Universal Logout. For the first time in our industry, it's possible to automatically log users out of their apps during a security issue. Threat actors might be getting more sophisticated, but we are using the power of AI and our ecosystem to keep our customers safe and a step ahead.

Empowering developers in the AI era

Our approach to Customer Identity centers on developers and freeing them up to innovate and build. Developers spend too much time and effort building homegrown systems and authorization capabilities. [Fine Grained Authorization](#) provides a solution that will scale with their organization and operate at incredibly low latency, high reliability, and the highest levels of security. And it's made even more effective with **Guide with Okta AI**, a new capability that delivers comprehensive onboarding assistance to help developers intuitively define their authorization model.

We're also taking another step forward on our passwordless journey with Passkeys, a phishing-resistant sign-up and sign-in experience for consumers, making them less reliant on legacy credentials.

See the rest of our exciting announcements at [Oktane 2023 Announcements](#)



[Gartner Magic Quadrant]

Our growing customer base is great validation of our business. It's always nice to receive third-party recognition for our leadership, as well. Gartner recently published their [2023 Access Management Magic Quadrant](#)* evaluation. We're pleased that Okta was named a Leader for the seventh consecutive year and for the third year in a row was positioned highest on the ability to execute axis of any vendor in the evaluation.

* Source: "Magic Quadrant for Access Management" by Henrique Teixeira, Abhyuday Data, Nathan Harris, Robertson Pimentel, Gartner, November 16, 2023

[Conclusion]

We invite you to join us for a webcast today, November 29, 2023, at 2:00 p.m. PT (5:00 p.m. ET) that will include executive comments followed by Q&A. To access the webcast of the executive comments and Q&A session, visit the IR section of our website at investor.okta.com.