

Welcome  
Okta Investor Day





okta

Welcome

Catherine Buan, Vice President, Investor Relations

October 9, 2018

# Safe Harbor

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, which include, but are not limited to, statements regarding our financial outlook, product development, business strategy and plans, market trends, opportunities, and positioning, and future growth trends, financial metrics and key drivers of those metrics. These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Okta’s control.

In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: the market for our products may develop more slowly than expected or than it has in the past; quarterly and annual operating results may fluctuate more than expected; variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows; assertions by third parties that we violate their intellectual property rights could substantially harm our business; any unreleased products, features or functionality referenced in this or other presentations, press releases or public statements are not currently available and may not be delivered on time or at all; a network or data security incident that allows unauthorized access to our network or data or our customers’ data could harm our reputation, create additional liability and adversely impact our financial results; the risk of interruptions or performance problems, including a service outage, associated with our technology; intense competition in our market; weakened global economic conditions may adversely affect our industry; the risk of losing key employees; changes in foreign exchange rates; general political or destabilizing events, including war, conflict or acts of terrorism; our ability to successfully identify and integrate acquisitions, strategic investments, partnerships or alliances; our ability to pay off our senior convertible notes when due; and other risks and uncertainties. Past performance is not necessarily indicative of future results. Further information on potential factors that could affect the financial results of Okta, Inc. is included in our Form 10-Q for the quarter year ended July 31, 2018 and other filings with the Securities and Exchange Commission that are posted on [investor.okta.com](http://investor.okta.com).

All statements contained in this presentation and related webcast are made only as of the date of this presentation. Okta undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Okta’s views as of any date subsequent to the date of this presentation.

Product roadmaps do not represent a commitment, obligation or promise to deliver any product, feature or functionality.

This presentation contains estimates and other statistical data that we obtained from industry publications and reports generated by third parties. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Okta has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and related webcast and, accordingly, Okta cannot guarantee their accuracy or completeness. Expectations, estimates, forecasts and projections are subject to a high degree of uncertainty and risk. Many factors, including those that are beyond Okta’s control, could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by Okta.

# Statement regarding use of non-GAAP financial measures

This presentation may reference one or more of the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share, free cash flow, free cash flow margin, current calculated billings and calculated billings.

Our non-GAAP presentation of gross profit, gross margin, operating expenses, operating loss, other net income (expense), net, net loss and net loss per share measures exclude stock-based compensation expense, charitable contributions, amortization of acquired intangibles and amortization of debt discount.

Free cash flow, which is a non-GAAP financial measure, is calculated as net cash used in operating activities, reduced by purchases of property and equipment and capitalized internal use software costs. Free cash flow margin is calculated as free cash flow as a percentage of total revenues.

Our dollar-based retention rate is based upon our Annual Contract Value (ACV). ACV for a customer is calculated based on the terms of that customer's contract and represents the total contracted annual subscription amount as of that period end. We calculate our dollar-based retention rate as of a period end by starting with the ACV from all customers as of twelve months prior to such period end, or Prior Period ACV. We then calculate the ACV from these same customers as of the current period end, or Current Period ACV. Current Period ACV includes any upsells and is net of contraction or attrition over the trailing twelve months but excludes revenue from new customers in the current period. We then divide the total Current Period ACV by the total Prior Period ACV to arrive at our dollar-based retention rate.

We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies.

The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Okta's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by the Okta's management about which expenses and income are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided in the appendix for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Okta encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Please see the appendix for reconciliations of these Non-GAAP to GAAP financial measures and for the calculation of certain other financial metrics.

All prior period financial statement information has been restated to reflect the adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), including Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, unless otherwise noted. Collectively, we refer to Topic 606 and Subtopic 340-40 as "ASC 606."

# Agenda

1 Market Landscape

2 Customer Q&A  
Mitch Klaif, Warner Media

3 Product Strategy

4 Customer Q&A  
Neil Boland, Major League Baseball

5 Break

6 GTM Strategy

7 Partner Q&A  
Mike Wyatt, Deloitte

8 Financial Update

9 Q&A



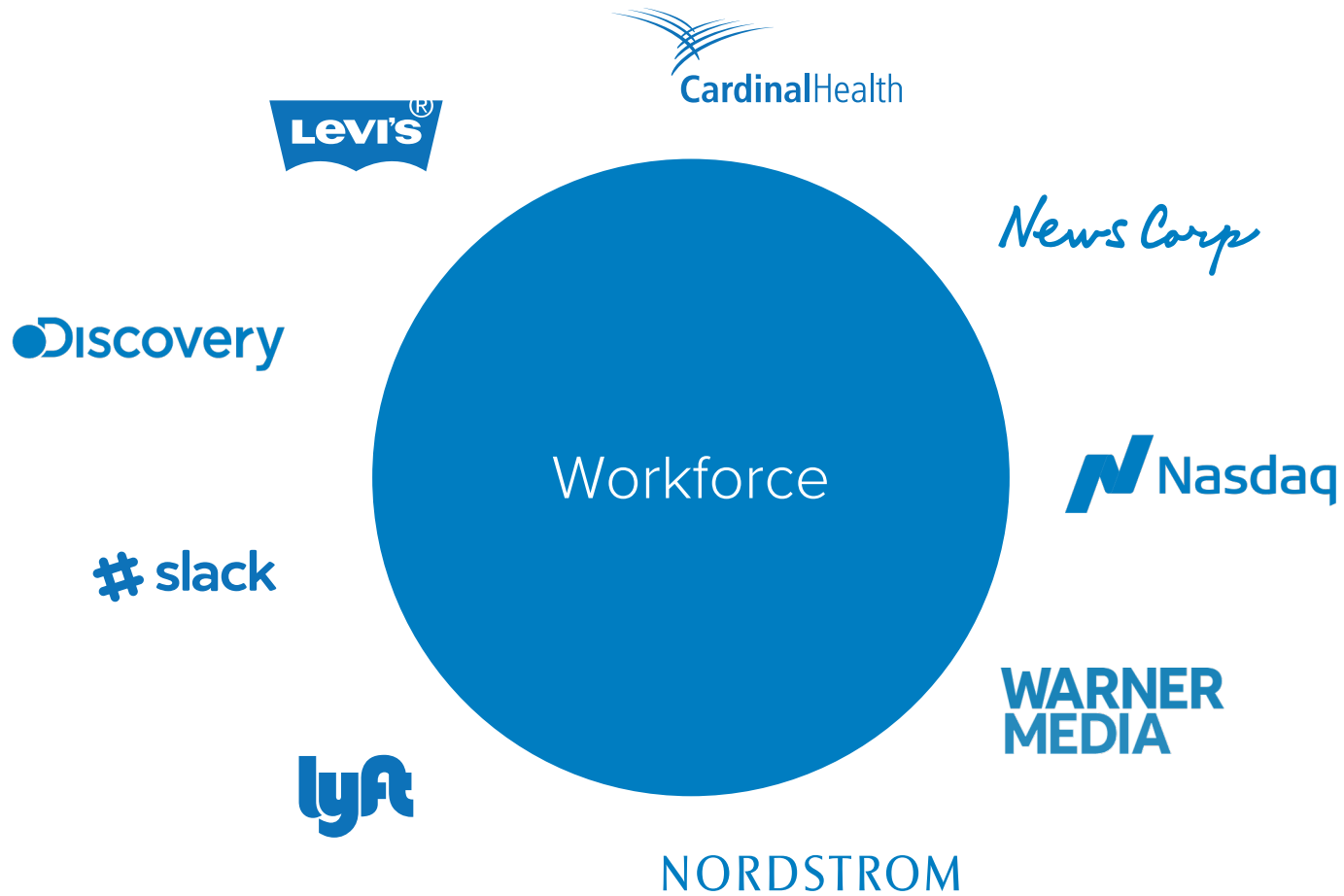
okta

Market Landscape

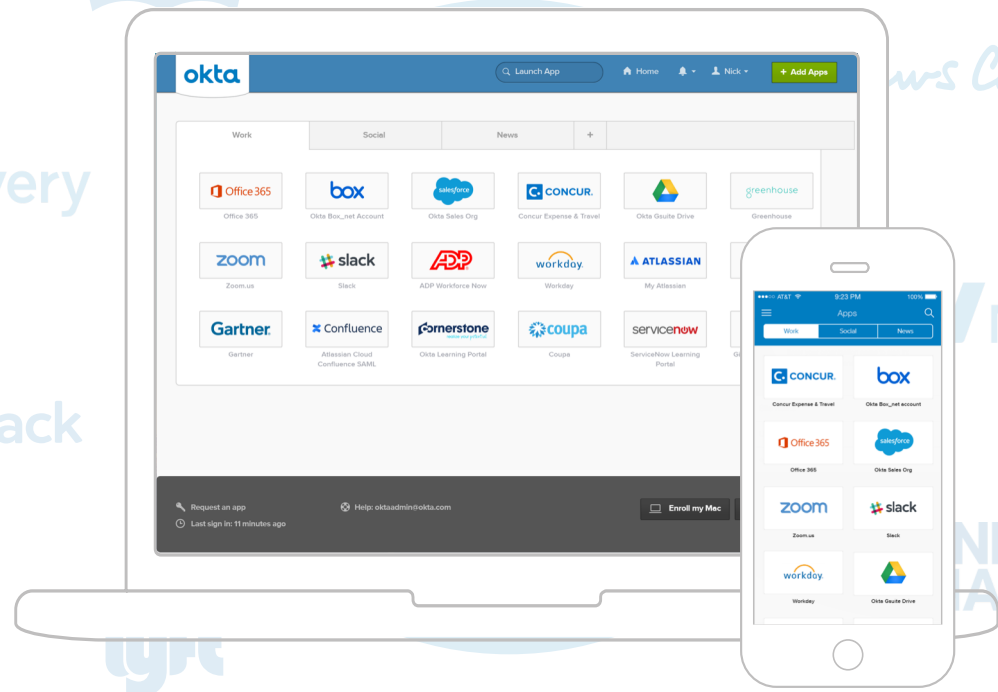
Todd McKinnon, Co-Founder and CEO

October 9, 2018

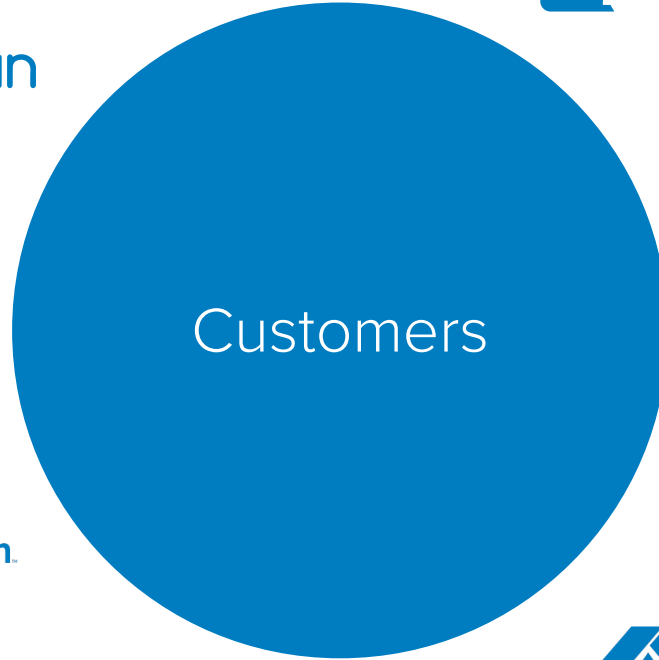
Millions of people use Okta every day







jetBlue



# jetBlue



The laptop screen displays the Albertsons Registration page. At the top, it says "Home > Registration" and "Already have an account? Sign In". Below this, there are input fields for "First Name" and "Last Name", a "Phone Number to be Used at Checkout" field, an "Email Address" field with a checkbox for "Get Just for U deals, weekly specials, gas rewards and more.", and a "Password" field with a "Show Password" link. A "Choose Your Store" section includes a "Card Prose, Just for U, Weekly Ad offers and more are displayed for selected store." field and a "Zip Code" field. At the bottom, there is a checkbox for "I agree to the Albertsons Terms of Use and Privacy Policy" and a "Create My Account" button. A smartphone in the foreground shows a "Sign Up" screen with fields for "First Name", "Last Name", "Email", and "Password", a checkbox for "Receive email offers and news", and a "Create Account" button.

The laptop screen displays the MLB.com Login and Register page. It features a "Login" section with "E-mail" and "Password" fields and a "Log In" button. A "Register" section includes "Email", "Password", "Confirm Password", and "Zip Code" fields, along with a "Date of Birth" dropdown menu and a "Register" button. A smartphone in the foreground shows a "Log In using your MLB.com account" screen with "Email" and "Password" fields, a "Log In" button, and links for "Privacy Policy" and "Forgot Password?".



Why do millions of people use Okta every day?

Because the cloud has changed everything



8X

Rate growth in cloud vs.  
non-cloud spending<sup>1</sup>

\$500B

Spent on cloud hardware,  
software and services by 2020<sup>2</sup>

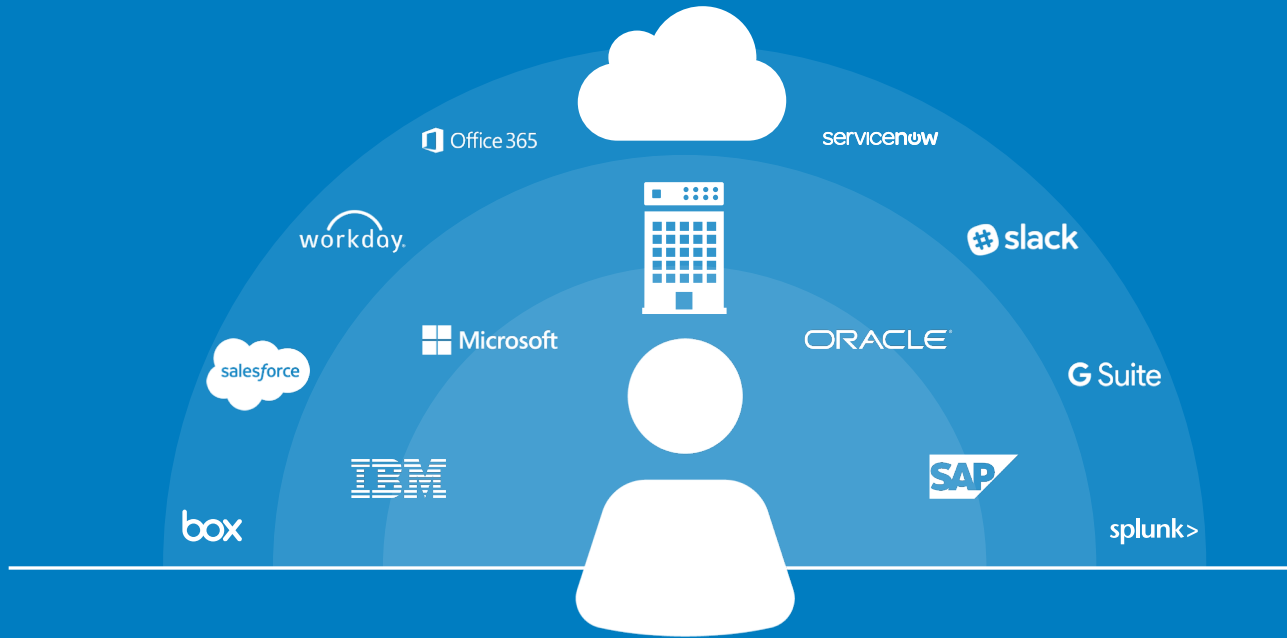
75%

Of organizations will have  
deployed a multicloud or hybrid  
cloud model for IT by 2020<sup>3</sup>

<sup>1</sup>Source: IDC Worldwide Software as a Service and Cloud Software Forecast, 2018–2022

<sup>2</sup>Source: IDC Worldwide Software as a Service and Cloud Software Forecast, 2018–2022

<sup>3</sup>Source: Gartner Market : Making Lots of Money in the New World of Hybrid Cloud and Multicloud, Sid Nag and David Ackerman, 7 September 2018

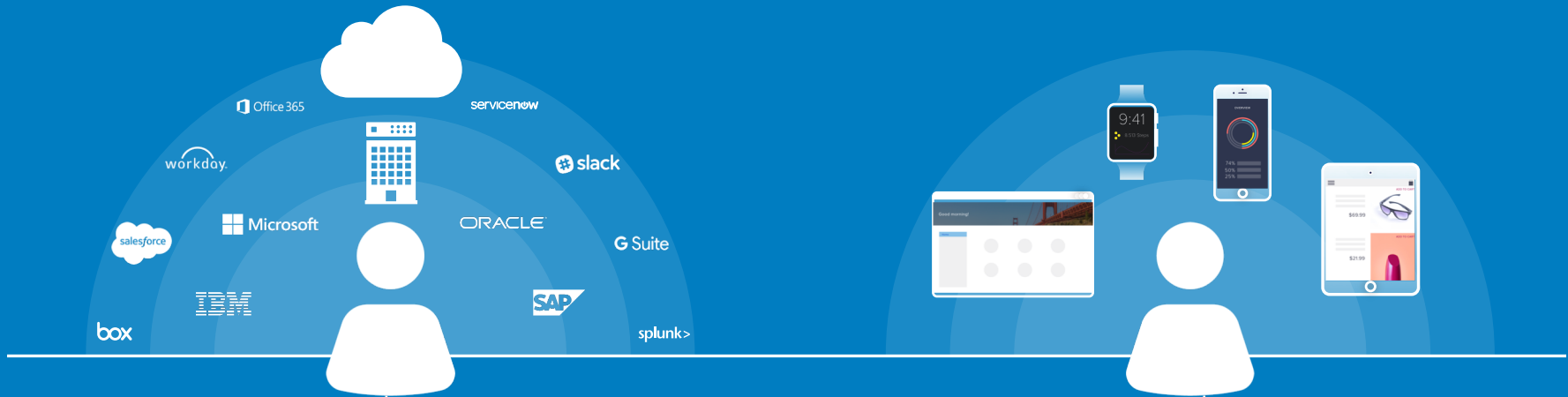


# Workforce

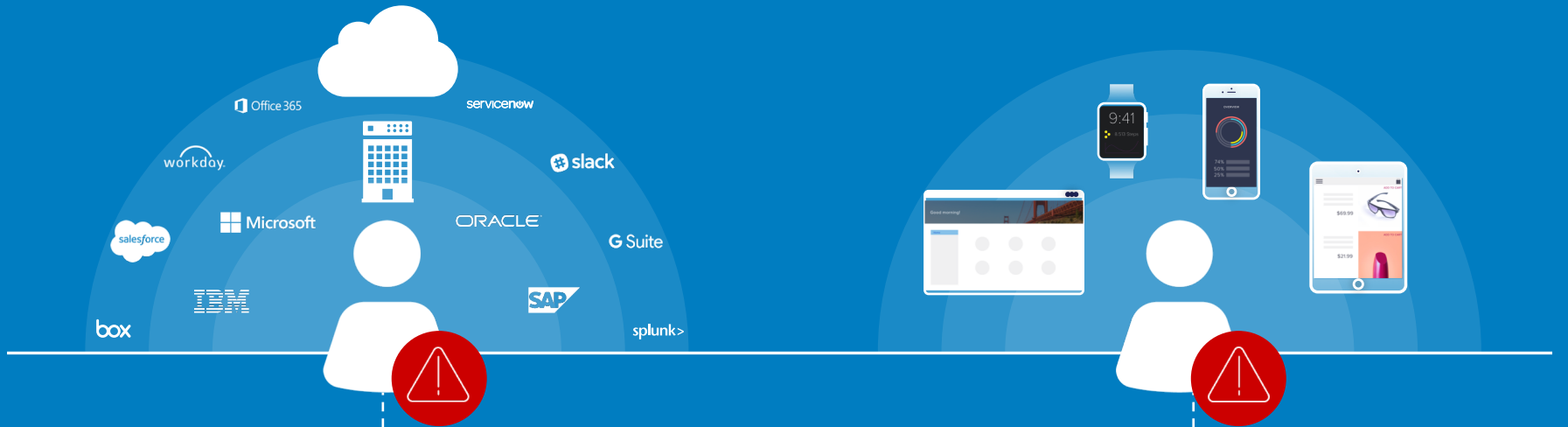


Customers

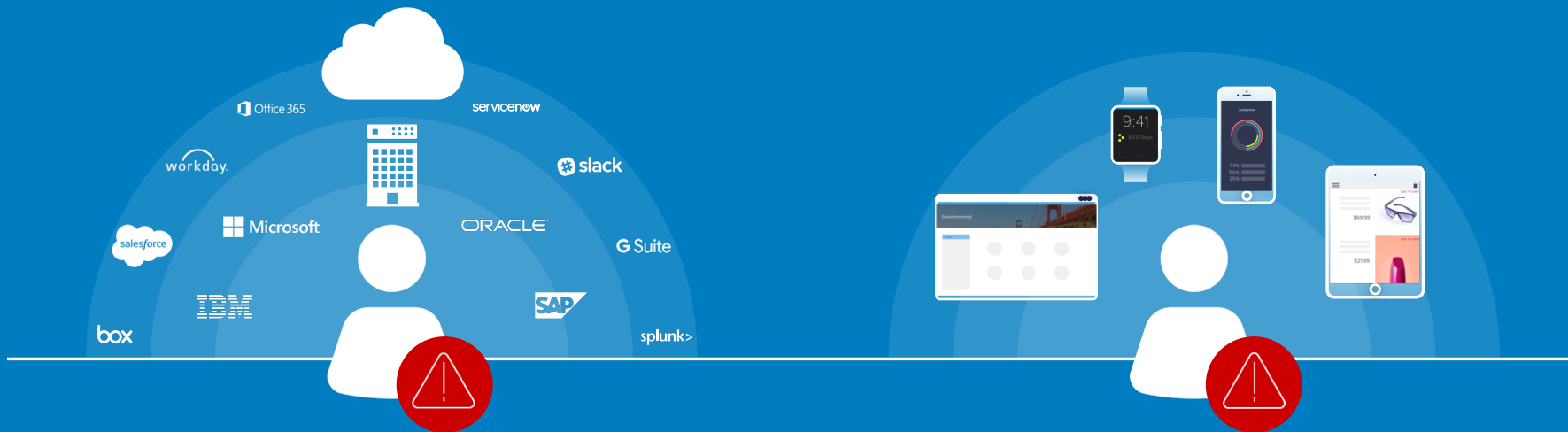




Unprecedented  
Opportunity



# Unprecedented Risk



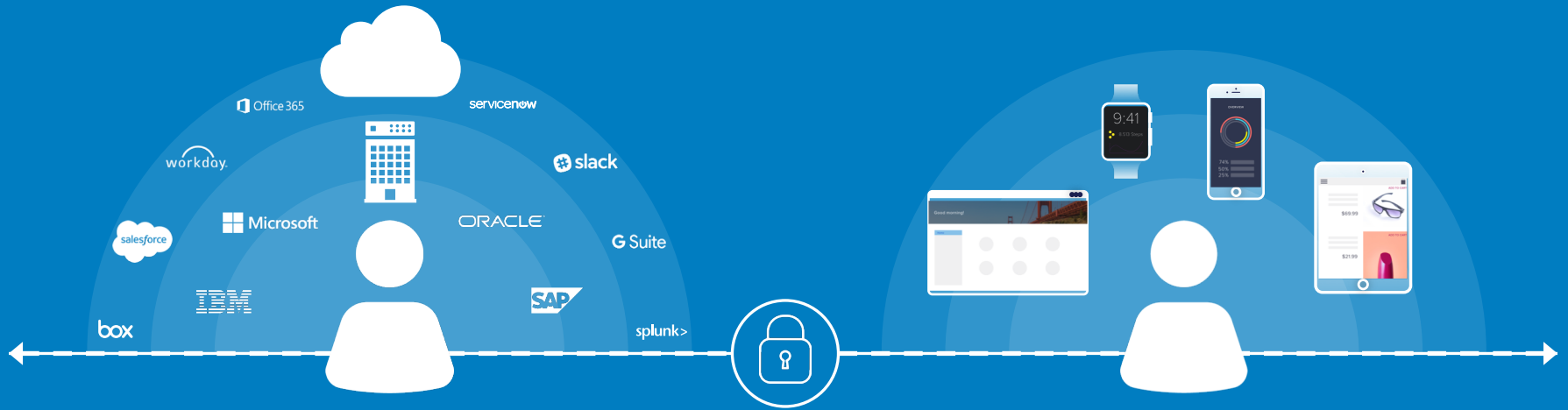
## Your biggest vulnerability

81% of breaches caused by stolen or weak credentials

## Your most precious asset

Cost of a data breach cannot be overstated

*Source: Verizon Data Breach Investigations Report*



**IDENTITY  
ENABLES  
MODERN IT**

**IDENTITY  
SECURES THE  
BUSINESS**

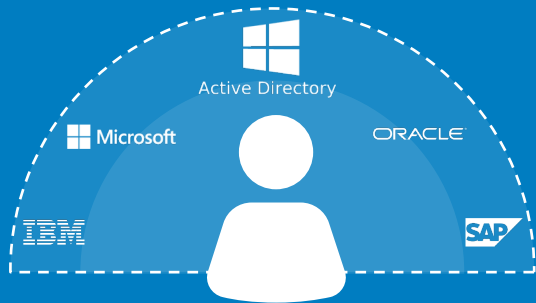
**IDENTITY  
DEFINES THE  
CUSTOMER  
EXPERIENCE**

A new  
approach  
to identity



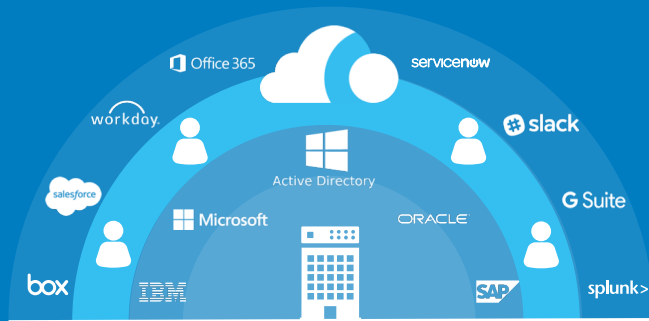
# Workforce Identity

## YESTERDAY



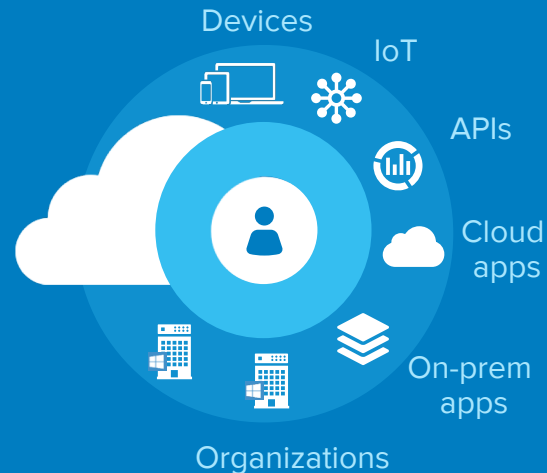
Identity was part  
of a stack

## TODAY



Identity as an independent  
and neutral platform

## TOMORROW



Okta as the  
universal platform

# Customer Identity

## YESTERDAY



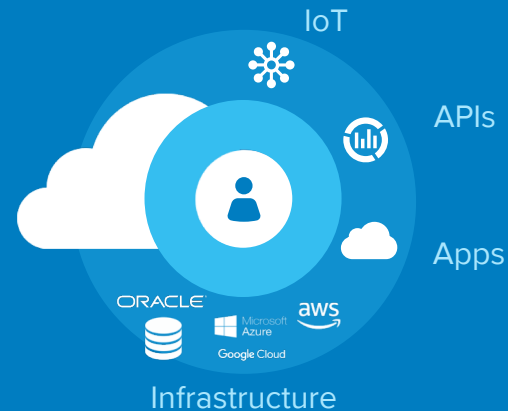
Build it yourself

## TODAY



Identity as a microservice

## TOMORROW



Okta as the identity standard

# Security

## YESTERDAY

Network is the perimeter

*Firewall, VPN*

## TODAY

People become the perimeter

*Identity-driven security*

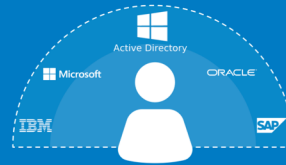
## TOMORROW

People are the only perimeter

*Zero Trust, Customer privacy*

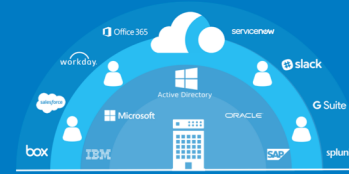
# Workforce Identity

## YESTERDAY



Identity was part of a stack

## TODAY



Identity as an independent and neutral platform

## TOMORROW



Okta as the universal platform

# Customer Identity

## YESTERDAY



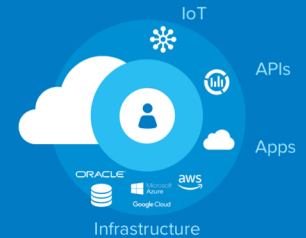
Build it yourself

## TODAY



Identity as a microservice

## TOMORROW



Okta as the identity standard





An independent and neutral platform for **workforce identity**



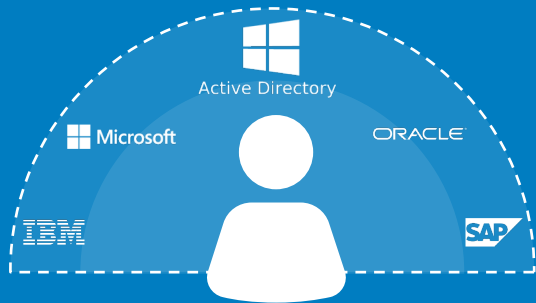
A scalable and secure **customer identity** platform



An identity-centric approach to **Zero Trust security**

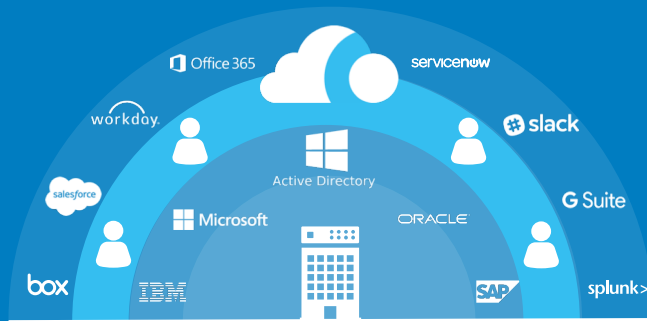
# Workforce Identity – Market Opportunity

## YESTERDAY



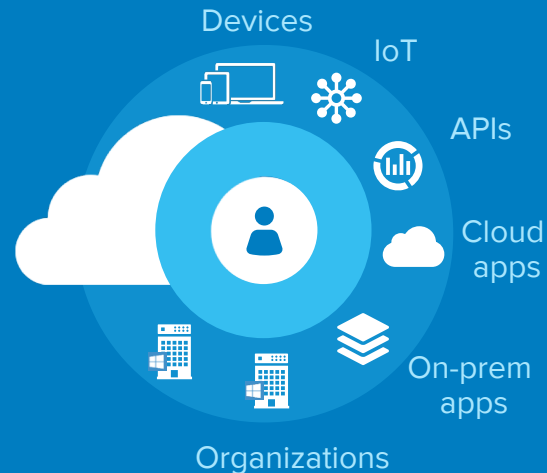
Identity was part  
of a stack

## TODAY



Identity as an independent  
and neutral platform

## TOMORROW



Okta as the  
universal platform

# Workforce Identity – Market Opportunity

## YESTERDAY

Limited by cost,  
complexity, use cases



Identity was part  
of a stack

## TODAY

Enabling the cloud journey for  
any organization in any industry



Identity as an independent  
and neutral platform

## TOMORROW

Enabling any organization  
to use any technology



Okta as the  
universal platform

# Customer Identity – Market Opportunity

## YESTERDAY



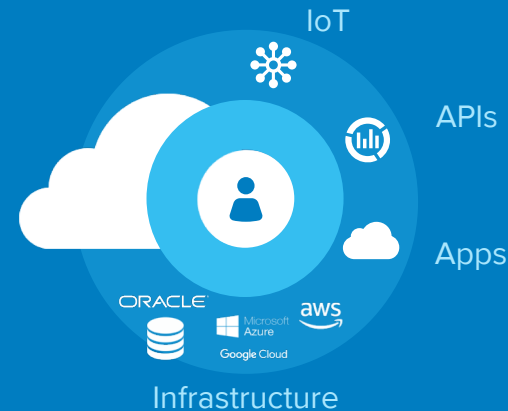
Build it yourself

## TODAY



Identity as a microservice

## TOMORROW



Okta as the identity standard

# Customer Identity – Market Opportunity

## YESTERDAY

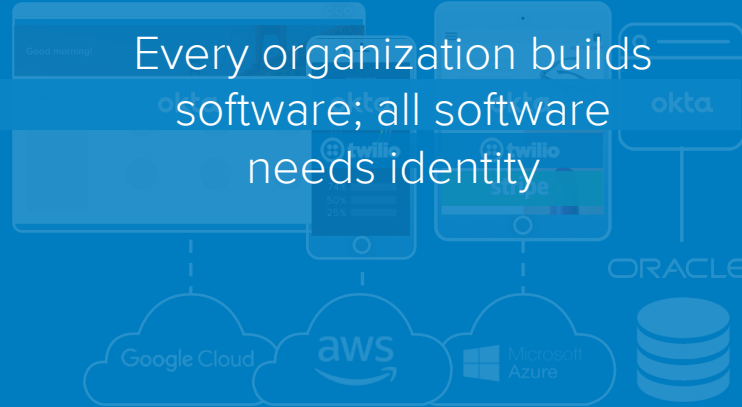
Largely built in-house;  
Mostly services



Build it yourself

## TODAY

Every organization builds software; all software needs identity



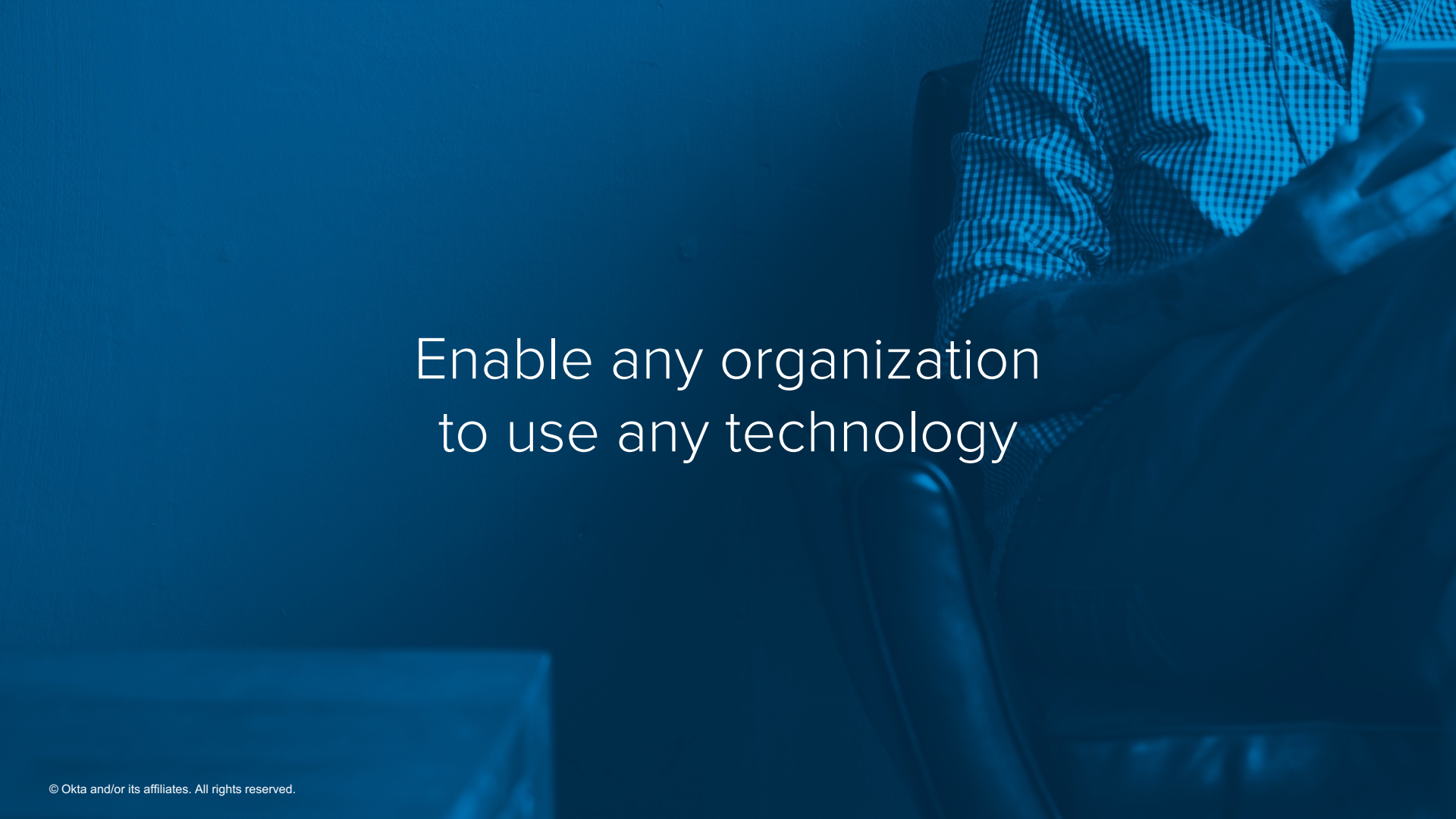
Identity as a microservice

## TOMORROW

Enabling any organization to use any technology



Okta as the identity standard

A person wearing a blue and white checkered shirt is sitting in a dark chair, holding a smartphone. The entire image is overlaid with a semi-transparent blue filter. The person's face is not visible, and the focus is on their hands and the device.

Enable any organization  
to use any technology

The image features a vibrant blue background with a radial, starburst-like pattern of light rays emanating from the center. Scattered across this background are numerous semi-transparent, circular icons, each consisting of a smaller dark blue circle inside a larger light blue ring. The overall aesthetic is modern and tech-oriented.

okta

Thank You



okta

Frederic Kerrest, COO and Co-Founder

October 9, 2018



# WARNER MEDIA



CUSTOMER Q&A

## Mitch Klaif

SVP and Chief Information Officer  
Warner Media

## Frederic Kerrest

COO and Co-Founder  
Okta

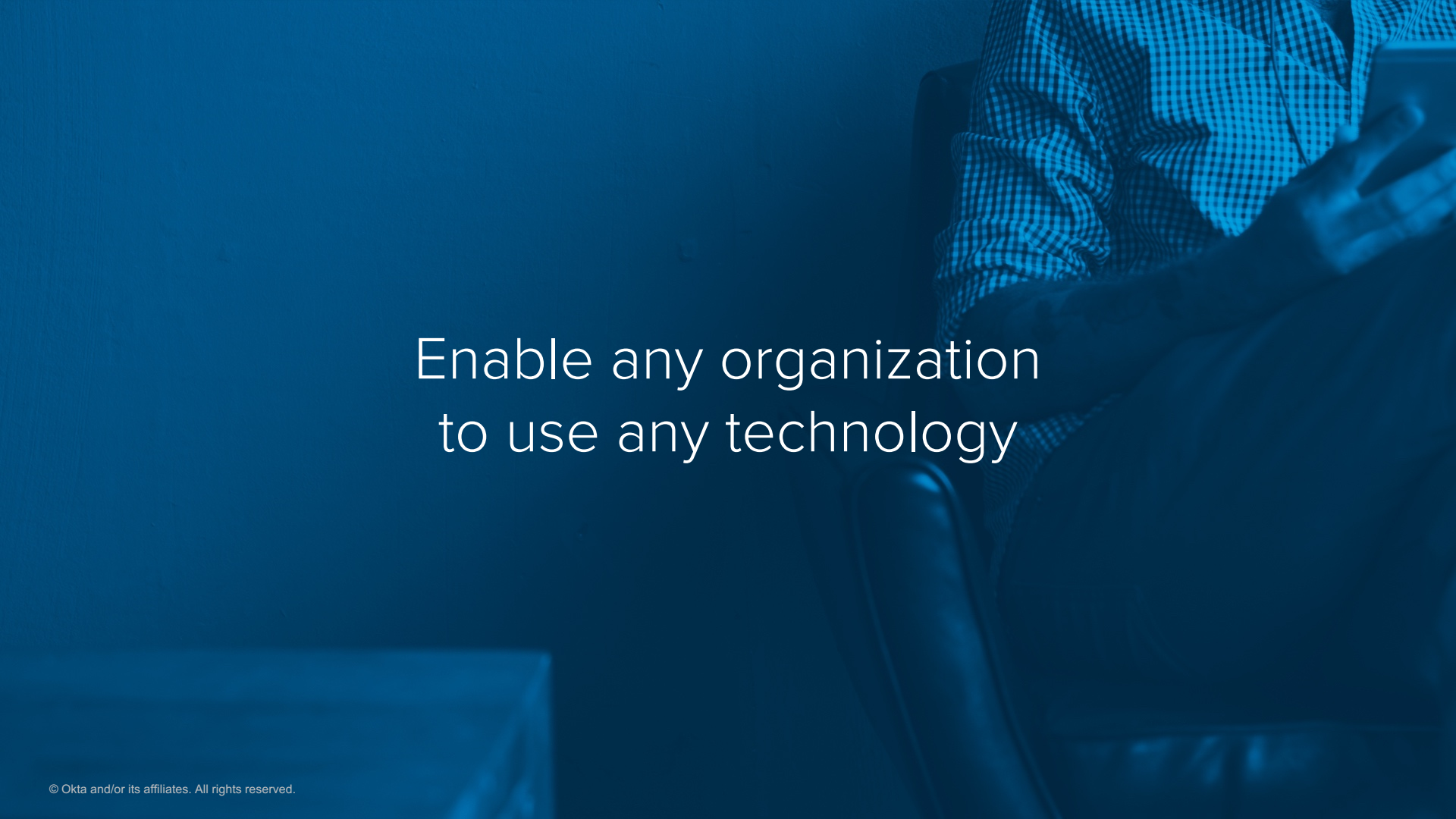


okta

Product Strategy

Todd McKinnon, Co-Founder and CEO

October 9, 2018

A person wearing a blue and white checkered shirt is sitting in a dark chair, holding a smartphone. The entire image is overlaid with a semi-transparent blue filter. The person's face is not visible, and the focus is on their hands and the device.

Enable any organization  
to use any technology

# One identity platform for all use cases

## PROTECT & ENABLE EMPLOYEES, PARTNERS, CONTRACTORS

- Single sign-on for employees & partners
- Secure access to APIs
- Automate onboarding & offboarding
- Retire on-prem AD infrastructure
- MFA and step-up authentication
- Build Zero Trust architecture
- Secure server access
- AD consolidation
- Adopt cloud apps
- Self-service password reset

## BUILD SEAMLESS, SECURE CUSTOMER EXPERIENCES

- Self-service registration
- Embed modern authentication
- Scale authentication
- MFA and step-up authentication
- Single sign-on for customers
- Progressive profiling
- User and infrastructure migration
- Embed modern authorization
- Centralize authorization
- Segregate identities per customer



Authentication



Authorization



Directory



User Management



Access Policy



Synchronization



Integration

# One identity platform for all use cases

## WORKFORCE IDENTITY PRODUCTS

Single Sign On  
Universal Directory  
Lifecycle Management  
Adaptive MFA  
API Access Management

## CUSTOMER IDENTITY PRODUCTS

Developer  
One App  
Enterprise



Authentication



Authorization



Directory



User Management



Access Policy



Synchronization



Integration

# Secure, always on architecture

Zero down time updates

>40K tests per release

Monitoring & alerting  
across the infrastructure

Scaling the most secure,  
intentionally slow hashing algorithm

Multi-tenant encryption

Internal audits and  
external compliance certifications

Hardened infrastructure  
and operational controls

Penetration testing

Security architecture and team

**SCALABILITY**

100% cloud architecture on top of  
AWS with proprietary Okta innovations

Quickly and easily spin up new  
infrastructure for scale

Global footprint via US, EU  
and APAC infrastructure<sup>1</sup>

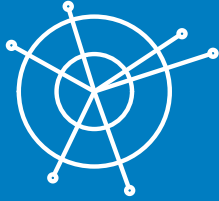
**RELIABILITY**

Highly redundant infrastructure across  
multiple zones and regions with  
automatic, no user impact failover

Automated systems and on-call team

**SECURITY**

# Taking the Okta platform to the next level



Integrate



Embed



Connect

# Taking the Okta platform to the next level



Integrate



Embed


































Connect





# 5,500+ APPLICATION INTEGRATIONS

# OKTA INTEGRATION NETWORK

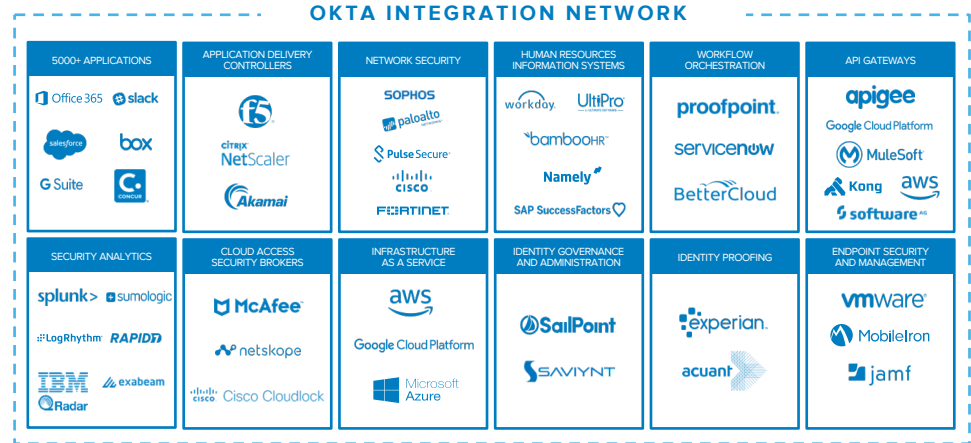
5000+ APPLICATIONS	APPLICATION DELIVERY CONTROLLERS	NETWORK SECURITY	HUMAN RESOURCES INFORMATION SYSTEMS	WORKFLOW ORCHESTRATION	API GATEWAYS
 Office 365  slack  salesforce  G Suite 	 citrix NetScaler 	 SOPHOS  paloalto NETWORKS  Pulse Secure®  CISCO FORTINET	 workday.  UltiPro®  bambooHR™ Namely® SAP SuccessFactors ♥	 proofpoint. servicenow BetterCloud	 apigee Google Cloud Platform  MuleSoft®  Kong  aws software AG
SECURITY ANALYTICS	CLOUD ACCESS SECURITY BROKERS	INFRASTRUCTURE AS A SERVICE	IDENTITY GOVERNANCE AND ADMINISTRATION	IDENTITY PROOFING	ENDPOINT SECURITY AND MANAGEMENT
 splunk >  sumologic LogRhythm  RAPID7  IBM   Radar	 McAfee™  netskope  Cisco Cloudlock	 aws Google Cloud Platform  Microsoft Azure	 SailPoint  SAVIYNT	 experian. acuant 	 vmware®  MobileIron jamf

# More ecosystem contributions



Better enable software providers

Allow third party integrations



# Integrations establish Okta as the source of truth

## More data sources



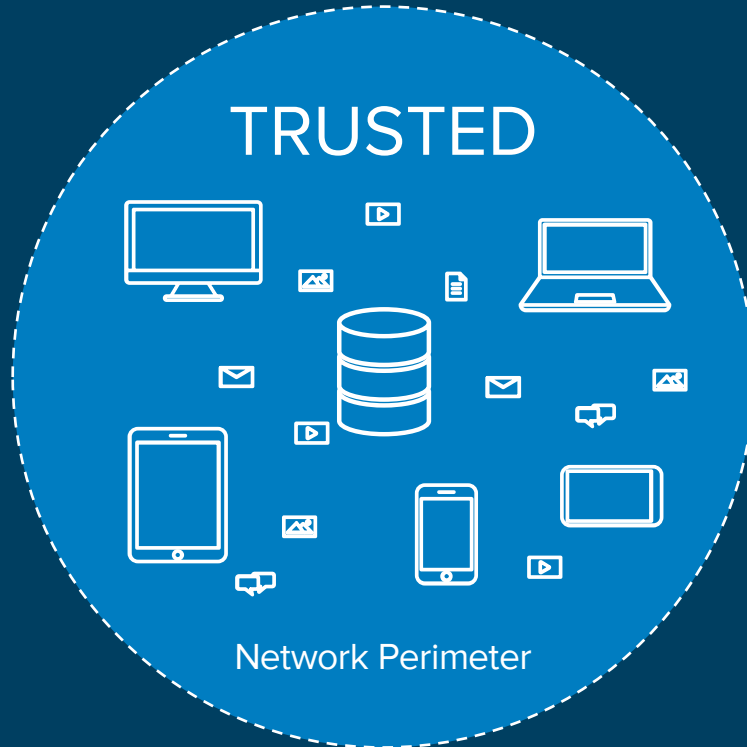
## Workflows



## More destinations



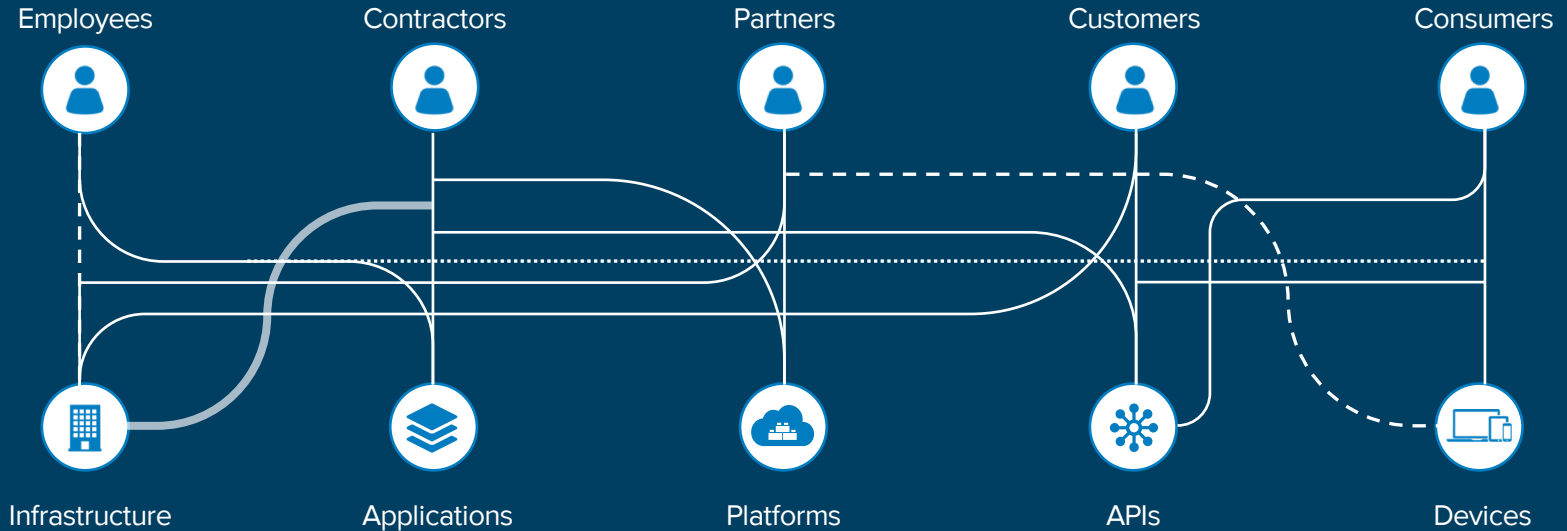
# The old approach to security relies on the network



UNTRUSTED



# The perimeter is disappearing...



...You can no longer assume trust

Identity is the new perimeter

# Okta is the foundation for Zero Trust security





# Okta's integrations power a security network effect

## More integrations

Servers



Applications



IaaS



APIs



Devices



## Deeper signals

Device State

Biometrics

End Point Security

User Behavior

Mobile Security

Application Logs

Network

3rd Party Intelligence

## More customers



NORDSTROM



## More use cases

Zero Trust

Security Analytics

Contextual Access

PAM

# Taking the Okta platform to the next level



Integrate

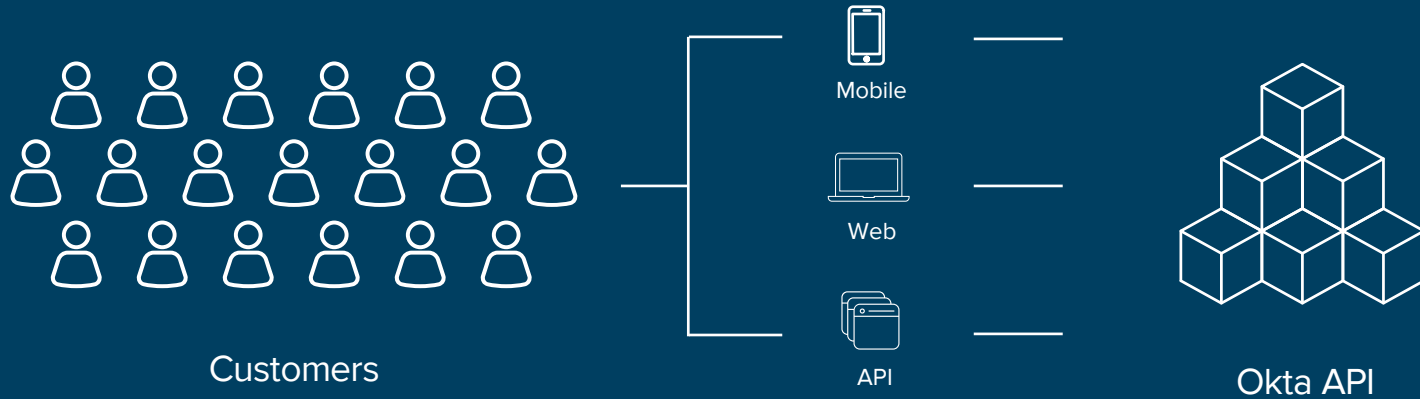


Embed

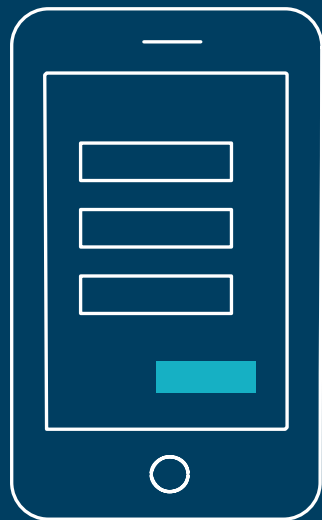


Connect

# Winning Customer Identity



# Driving developer productivity



Core business logic



App logic



ID + security logic

- Registration
- Authentication
- MFA
- Account recovery

# More developer tools for greater agility

## DEVELOPER TOOLING



## MORE GRANULAR APIs

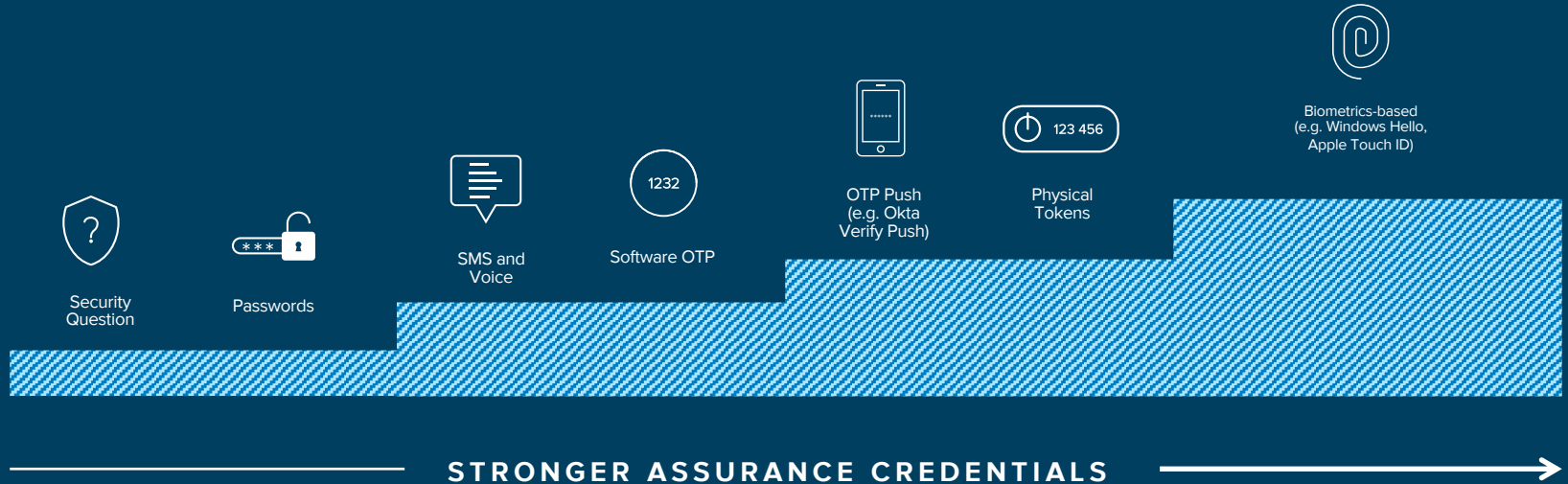


## EXTENSIBILITY

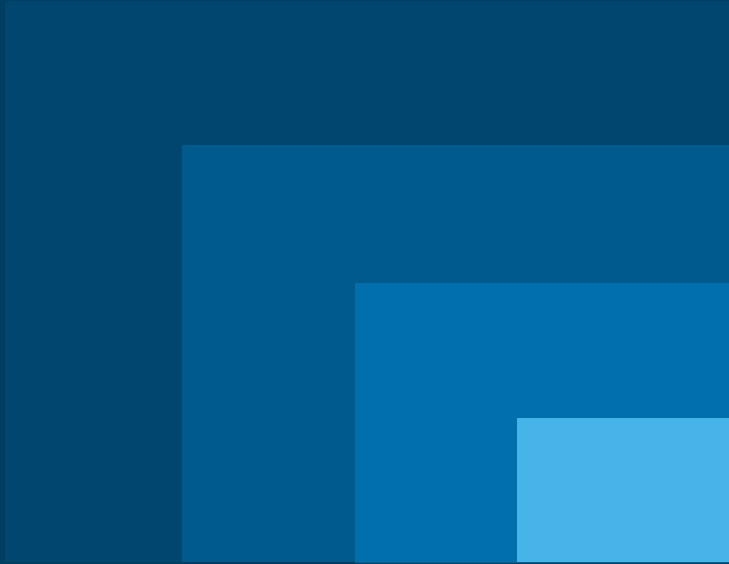


**YOUR DEVELOPERS  
SHOULDN'T BE IN THE  
SECURITY BUSINESS**

# Platform investments benefit developers



# Every application needs identity

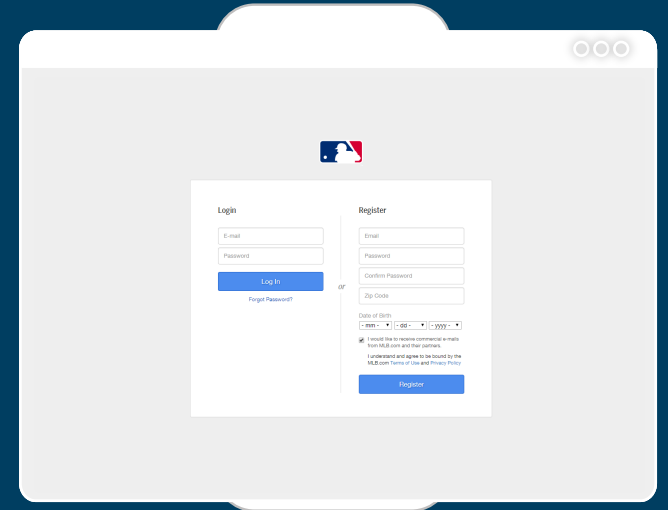


100,000,000s of  
Secure websites

1,000,000s of  
Mobile apps

100,000s of  
Custom apps

1000s of  
ISV / SaaS apps





# Taking the Okta Platform to the next level



Integrate



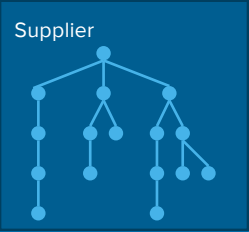
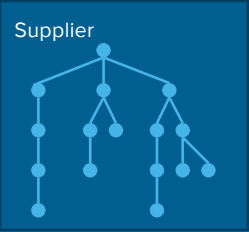
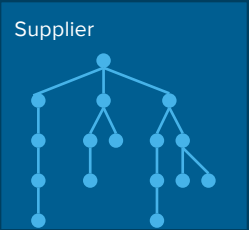
Embed



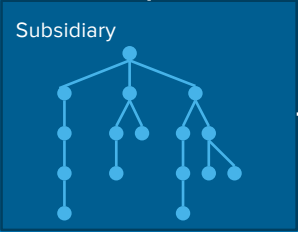
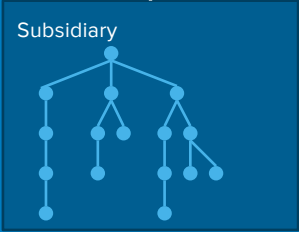
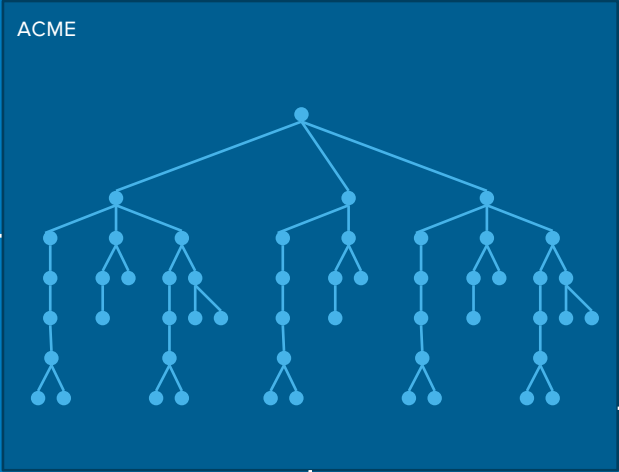
Connect

# Our customers maintain complex business ecosystems

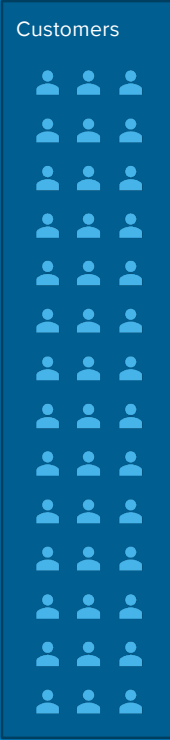
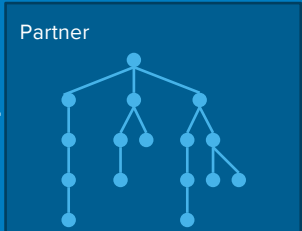
## Partner Collaboration



## Multi-Divisional Enterprises



## Channel Enablement

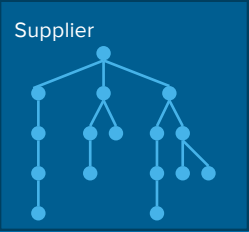
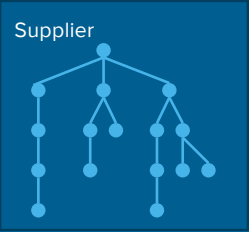
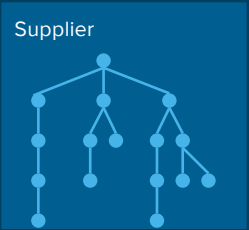


Direct to Customer

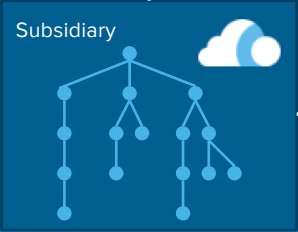
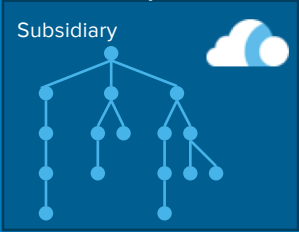
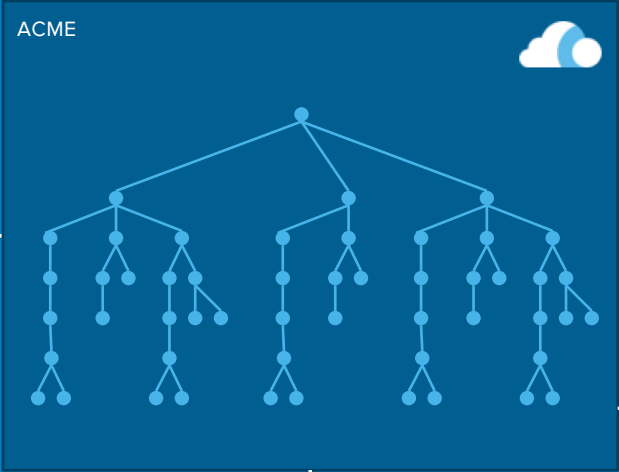
## Hub & Spoke Organizations

# Okta enables collaboration, scale and network effects

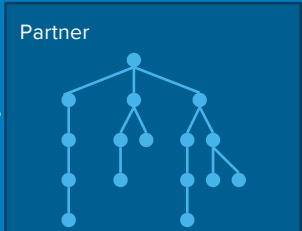
## Partner Collaboration



## Multi-Divisional Enterprises



## Channel Enablement



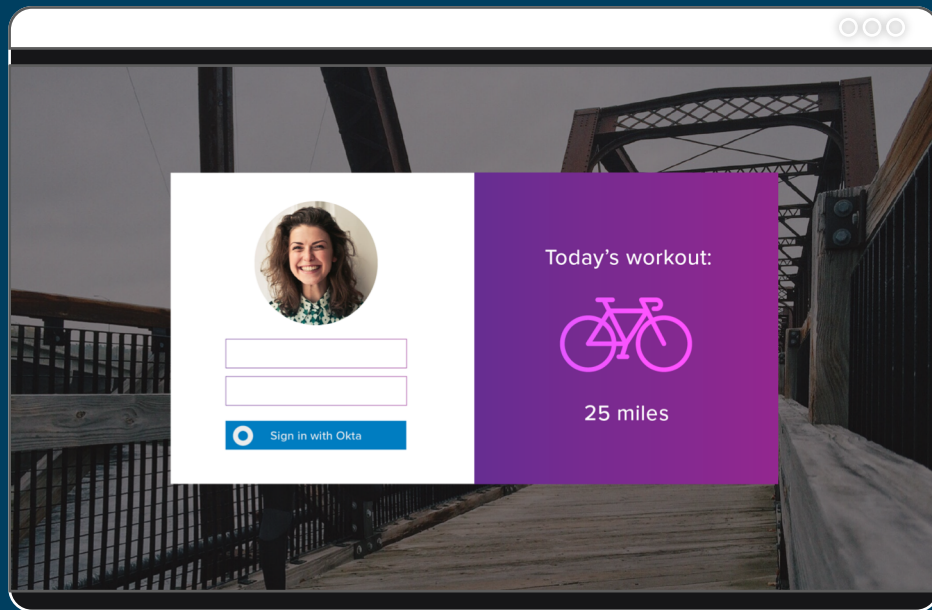
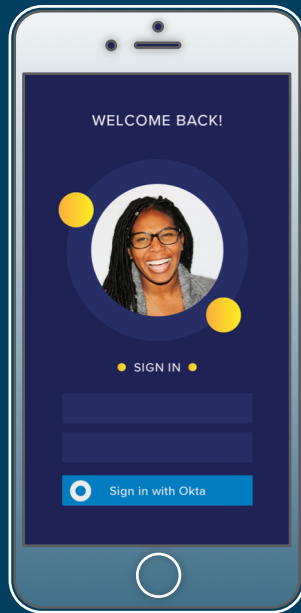
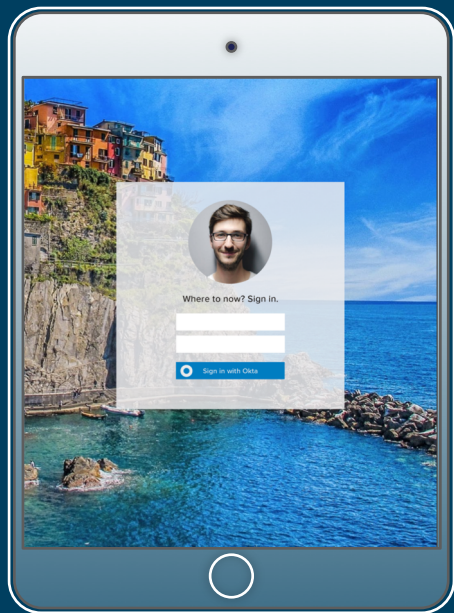
## Customers



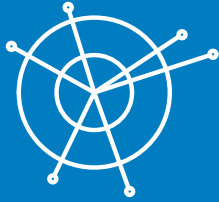
## Direct to Customer

## Hub & Spoke Organizations

# Sign in with Okta



# Taking the Okta Platform to the next level



Integrate



Embed



Connect



Connect Everything

The image features a vibrant blue background with a radial motion blur effect, creating a sense of depth and movement. Scattered across the background are numerous semi-transparent circular patterns, some solid and some hollow, which appear to be part of the overall design. The text is centered and rendered in a clean, white, sans-serif font.

okta

Thank You

An aerial photograph of a city, likely Dubai, showing a complex network of highways and numerous skyscrapers. The image is overlaid with a semi-transparent blue filter. A large, stylized blue circle graphic is positioned on the right side of the frame, partially overlapping the city buildings.

okta

Frederic Kerrest, COO and Co-Founder

October 9, 2018





MAJOR LEAGUE BASEBALL

CUSTOMER Q&A

**Neil Boland**

Chief Information Security Officer  
Major League Baseball

**Frederic Kerrest**

COO and Co-Founder  
Okta



okta



okta

Go-To-Market Growth Strategy  
Charles Race, President, Worldwide Field Operations

October 9, 2018

## Why I'm excited

Attached to 3 secular trends

Pervasiveness of identity

Long term vision

# Why we win



Trusted  
technology leader



Differentiated  
business model



Customer first  
strategy

# One platform, many use cases

## WORKFORCE IDENTITY

Protect and enable employees, contractors, partners

## CUSTOMER IDENTITY

Build seamless, secure experiences

### INITIATIVES

Modernize identity infrastructure  
Protect against data breaches

Reduce IT friction  
M&A agility

Build an app  
Build a platform

Integrate multiple apps  
Modernize infrastructure

Protect the service

### USE CASES

Single sign-on for employees & partners  
Secure access to APIs  
Automate onboarding & offboarding  
Retire on-prem AD infrastructure  
MFA and step-up authentication

Build Zero Trust architecture  
Secure server access  
AD consolidation  
Adopt cloud apps  
Self-service password reset

Self-service registration  
Embed modern authentication  
Scale authentication  
MFA and step-up authentication  
Single sign-on for customers

Progressive profiling  
User and infrastructure migration  
Embed modern authorization  
Centralize authorization  
Segregate identities per customer



**okta** Identity Cloud

# One platform, many use cases

## WORKFORCE IDENTITY

Protect and enable employees, contractors, partners

## CUSTOMER IDENTITY

Build seamless, secure experiences

### INITIATIVES

Modernize identity infrastructure  
Protect against data breaches

Reduce IT friction  
M&A agility

Build an app  
Build a platform

Integrate multiple apps  
Modernize infrastructure

Protect the service

### USE CASES

Single sign-on for employees & partners  
Secure access to APIs  
Automate onboarding & offboarding  
Retire on-prem AD infrastructure  
MFA and step-up authentication

Build Zero Trust architecture  
Secure server access  
AD consolidation  
Adopt cloud apps  
Self-service password reset

Self-service registration  
Embed modern authentication  
Scale authentication  
MFA and step-up authentication  
Single sign-on for customers

Progressive profiling  
User and infrastructure migration  
Embed modern authorization  
Centralize authorization  
Segregate identities per customer

**WARNER  
MEDIA**



**okta** Identity Cloud

# One platform, many use cases

## WORKFORCE IDENTITY

Protect and enable employees, contractors, partners

## CUSTOMER IDENTITY

Build seamless, secure experiences

### INITIATIVES

Modernize identity infrastructure  
Protect against data breaches

Reduce IT friction  
M&A agility

Build an app  
Build a platform

Integrate multiple apps  
Modernize infrastructure

Protect the service

### USE CASES

Single sign-on for employees & partners  
Secure access to APIs  
Automate onboarding & offboarding  
Retire on-prem AD infrastructure  
MFA and step-up authentication

Build Zero Trust architecture  
Secure server access  
AD consolidation  
Adopt cloud apps  
Self-service password reset

Self-service registration  
Embed modern authentication  
Scale authentication  
MFA and step-up authentication  
Single sign-on for customers

Progressive profiling  
User and infrastructure migration  
Embed modern authorization  
Centralize authorization  
Segregate identities per customer

**WARNER  
MEDIA**



**okta** Identity Cloud



# One platform, many use cases

## WORKFORCE IDENTITY

Protect and enable employees, contractors, partners

## CUSTOMER IDENTITY

Build seamless, secure experiences

### INITIATIVES

Modernize identity infrastructure  
Protect against data breaches

Reduce IT friction  
M&A agility

Build an app  
Build a platform

Integrate multiple apps  
Modernize infrastructure

Protect the service

### USE CASES

Single sign-on for employees & partners  
Secure access to APIs  
Automate onboarding & offboarding  
Retire on-prem AD infrastructure  
MFA and step-up authentication

Build Zero Trust architecture  
Secure server access  
AD consolidation  
Adopt cloud apps  
Self-service password reset

Self-service registration  
Embed modern authentication  
Scale authentication  
MFA and step-up authentication  
Single sign-on for customers

Progressive profiling  
User and infrastructure migration  
Embed modern authorization  
Centralize authorization  
Segregate identities per customer



# One platform, many use cases

## WORKFORCE IDENTITY

Protect and enable employees, contractors, partners

## CUSTOMER IDENTITY

Build seamless, secure experiences

### INITIATIVES

Modernize identity infrastructure  
Protect against data breaches

Reduce IT friction  
M&A agility

Build an app  
Build a platform

Integrate multiple apps  
Modernize infrastructure

Protect the service

### USE CASES

Single sign-on for employees & partners  
Secure access to APIs  
Automate onboarding & offboarding  
Retire on-prem AD infrastructure  
MFA and step-up authentication

Build Zero Trust architecture  
Secure server access  
AD consolidation  
Adopt cloud apps  
Self-service password reset

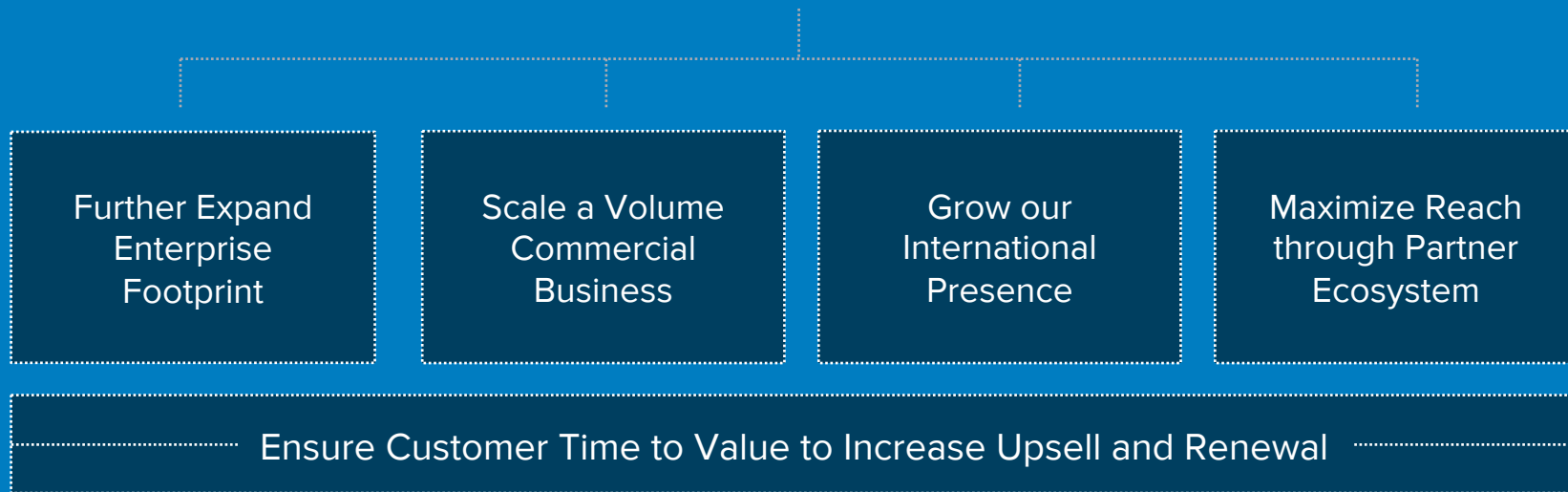
Self-service registration  
Embed modern authentication  
Scale authentication  
MFA and step-up authentication  
Single sign-on for customers

Progressive profiling  
User and infrastructure migration  
Embed modern authorization  
Centralize authorization  
Segregate identities per customer



# Go-To-Market growth strategy

Increase Okta's market share through intelligent growth, global expansion, and by extending our customer base with additional solutions.

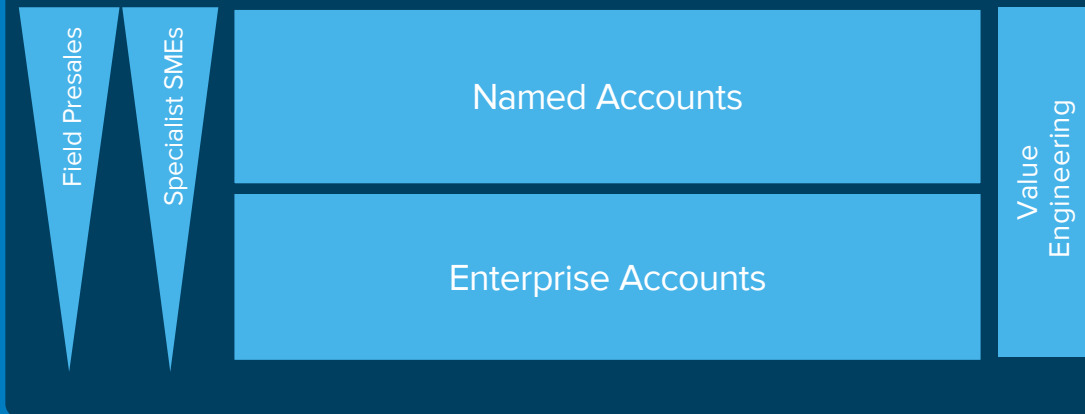


# Go-To-Market structure

## Pipeline Management



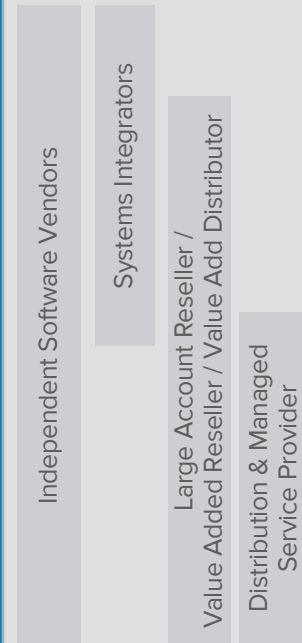
## Enterprise Business



## Commercial Business



## Partner Ecosystem



# Partner ecosystem

## TECHNOLOGY ALLIANCES



## INDEPENDENT SOFTWARE VENDORS (ISV)



## FIELD ALLIANCES

## INDIRECT CHANNEL PARTNERS (ICP)



## GLOBAL SYSTEMS INTEGRATORS (GSI)



## SYSTEMS INTEGRATORS (SI)



## RESELLERS



## LARGE ACCOUNT RESELLERS (LAR)



## Why I'm excited

Attached to 3 secular trends

Pervasiveness of identity

Long term vision

The image features a vibrant blue background with a radial blur effect emanating from the center. Scattered across the background are numerous semi-transparent, circular icons, each containing a stylized white 'O' shape. In the center, the word 'okta' is written in a bold, white, lowercase sans-serif font. Below it, the words 'Thank You' are written in a smaller, white, lowercase sans-serif font.

okta

Thank You

An aerial photograph of a city, likely Dubai, showing a complex network of highways and numerous skyscrapers. The image is overlaid with a semi-transparent blue filter. A large, stylized blue circle graphic is positioned on the right side of the frame, partially overlapping the city buildings.

okta

Frederic Kerrest, COO and Co-Founder

October 9, 2018





# Deloitte.

PARTNER Q&A

**Mike Wyatt**

National Managing Principal, Identity Solutions  
Deloitte

**Frederic Kerrest**

COO and Co-Founder  
Okta



okta

Financial Update

Bill Losch, Chief Financial Officer

October 9, 2018

Where are we today?

# We are outperforming across the board

Trailing Twelve Months as of Q2 Fiscal 2019

**\$322M**  
**58%**

High Revenue  
growth at scale  
(YoY growth)

**55%**

Driven by accelerating enterprise  
customer momentum  
(YoY Q2 FY19 growth in customers over \$100K ACV)

**121%**

And high dollar-based  
retention rates

**1,400 bps**  
**improvement**

With demonstrable  
leverage in the model  
(YoY free cash flow margin  
improvement)

# Driven by a powerful financial model



High growth  
subscription model



Strong  
subscription gross  
margins



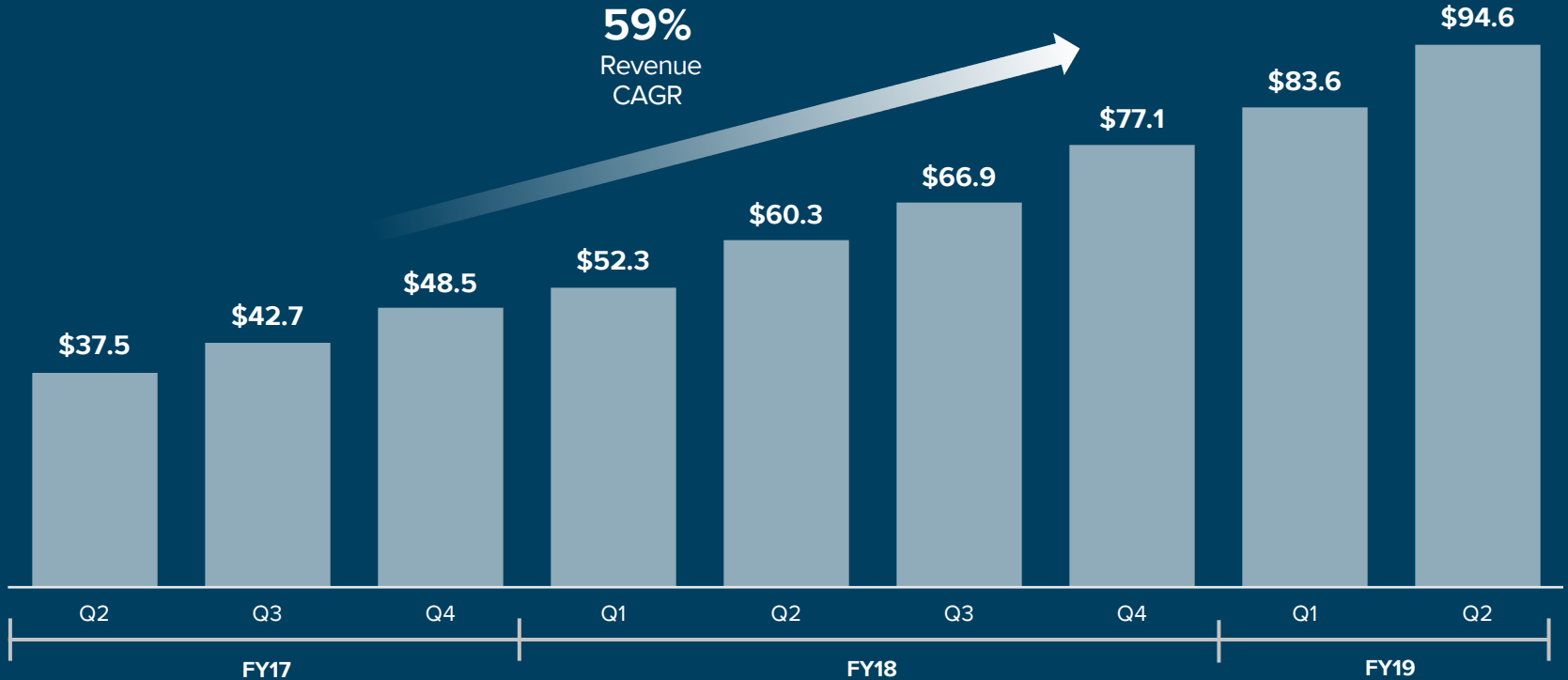
Multiple expansion  
vectors and  
powerful network  
effects



Positioned for  
substantial  
operating leverage

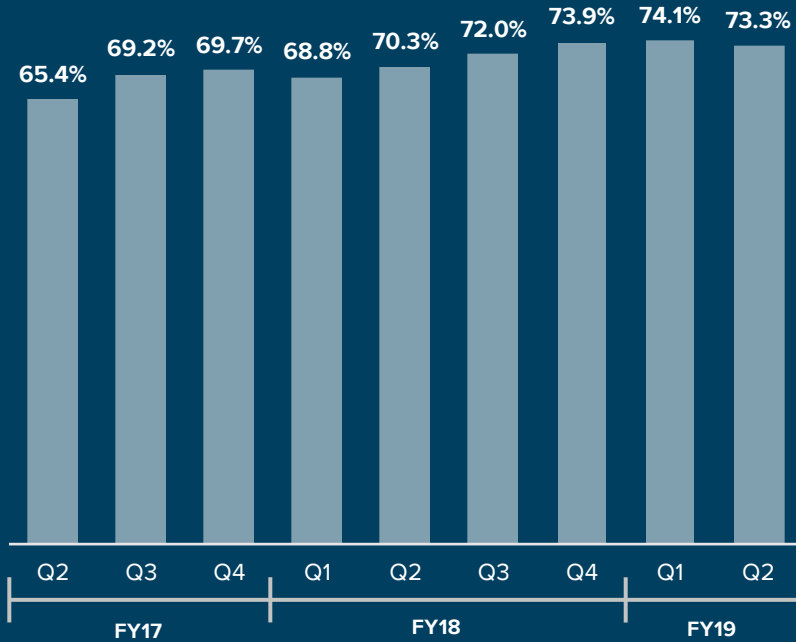
# Consistent top line momentum

Quarterly Revenue  
(\$ in millions)

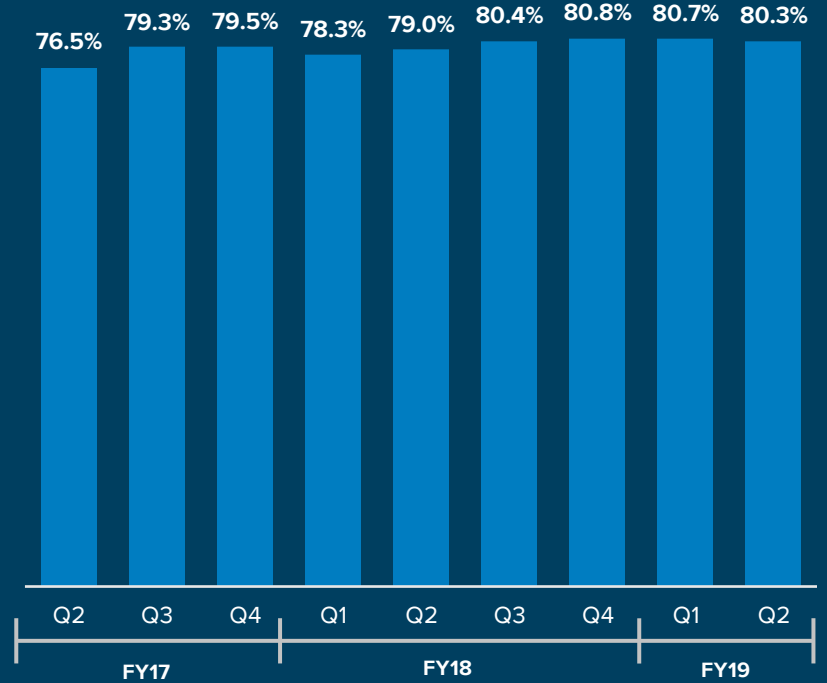


# With strong gross margins

## TOTAL GROSS MARGIN - QUARTERLY



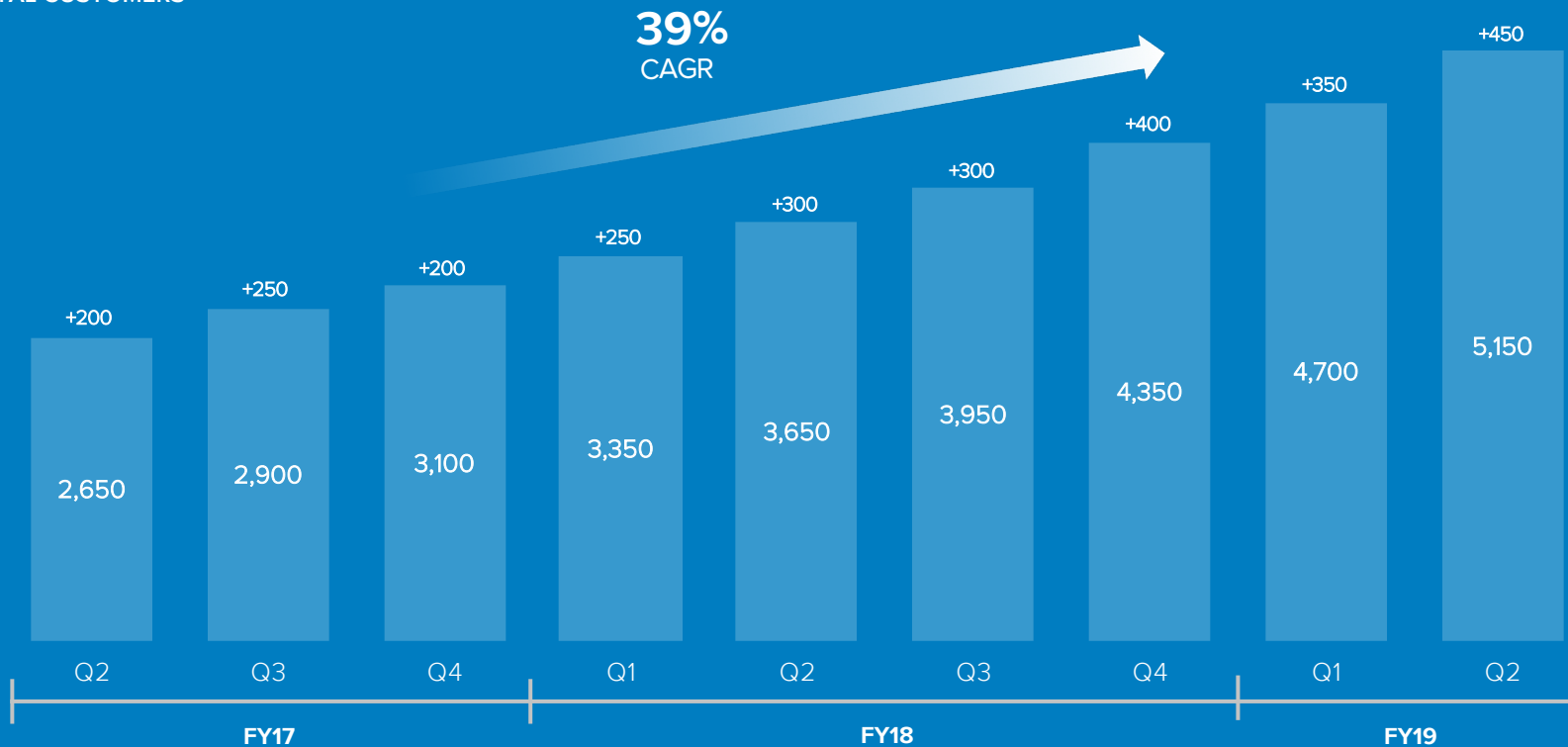
## SUBSCRIPTION GROSS MARGIN - QUARTERLY



*Note: All financials are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.*

# Fueled by customer growth

TOTAL CUSTOMERS

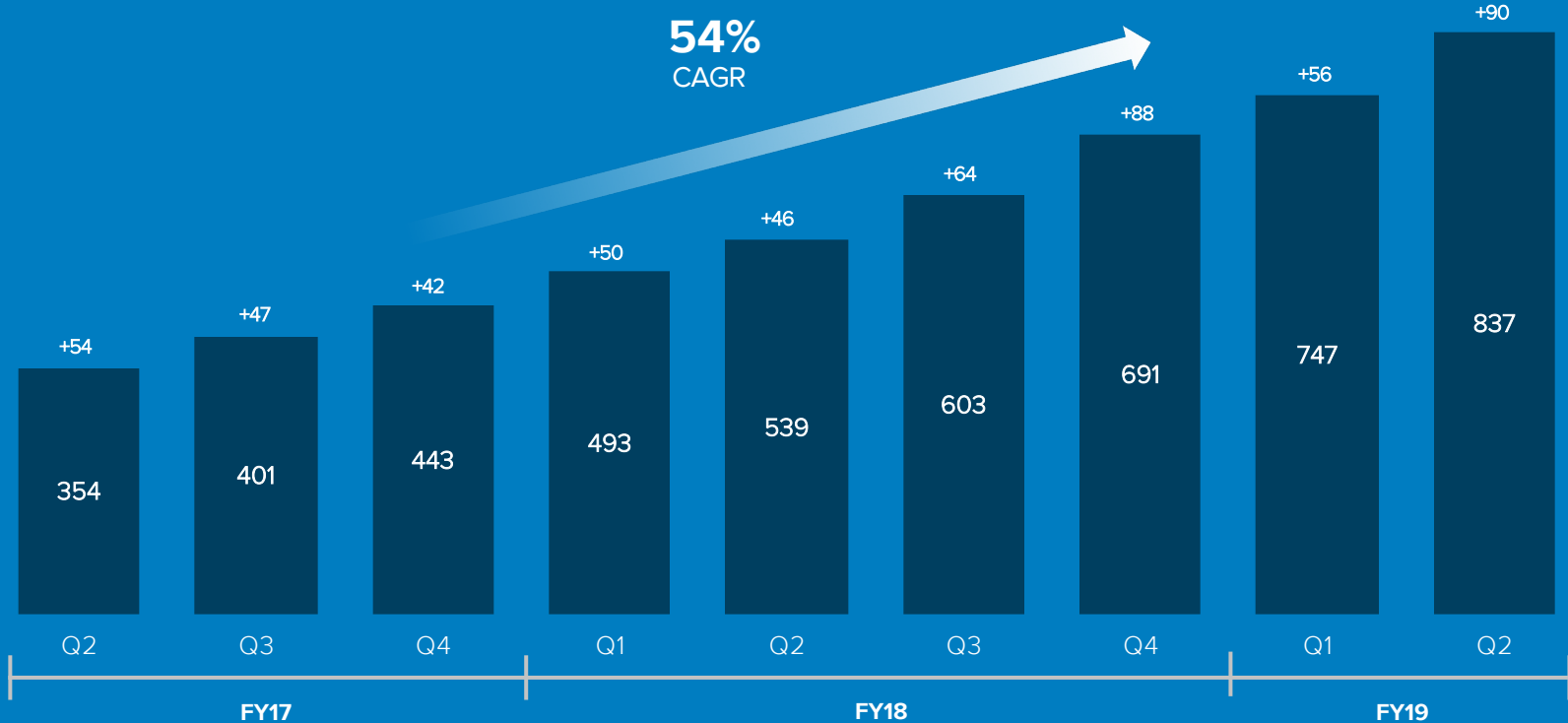


Note: All financials are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.



# And continued success with the enterprise

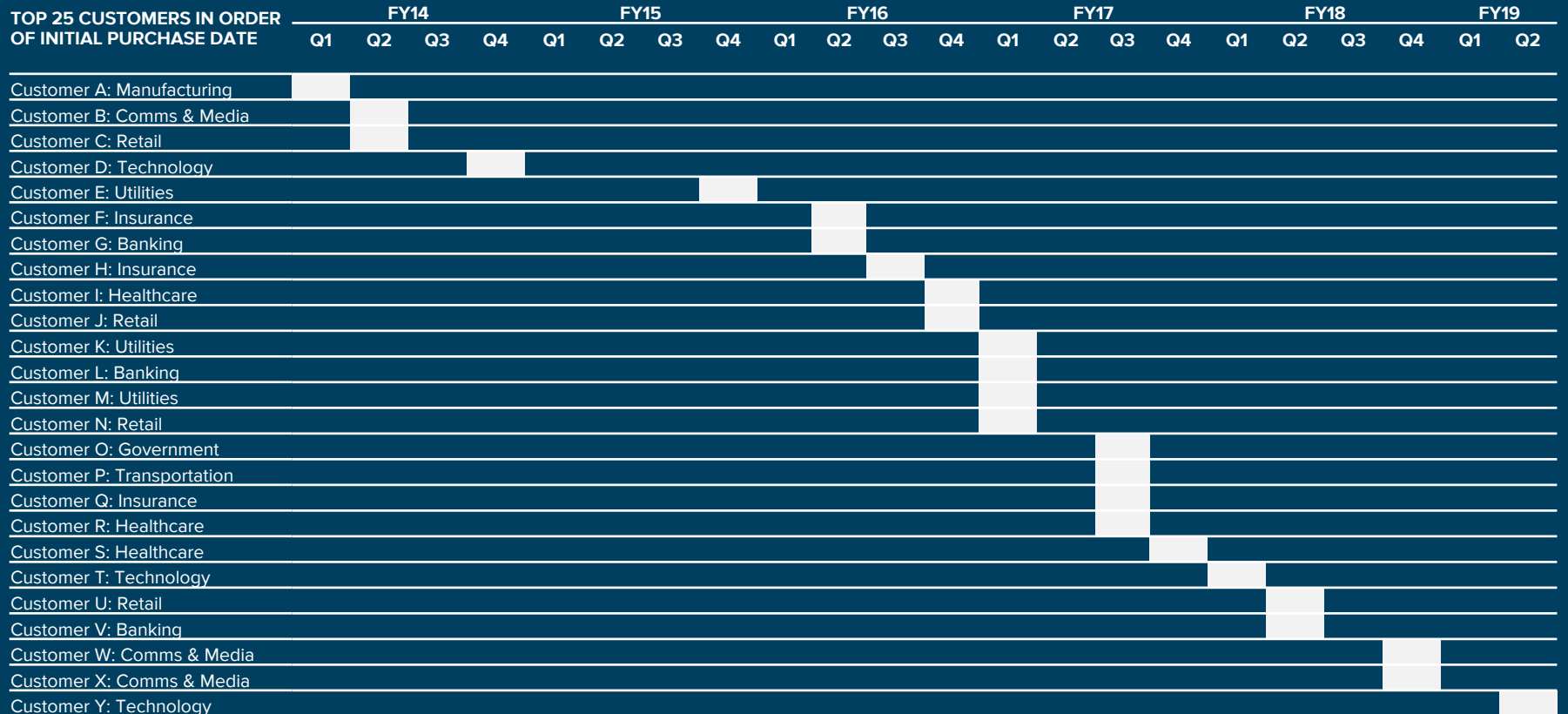
CUSTOMERS WITH >\$100K ACV



Note: All financials are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.

# Strong expansion within customers

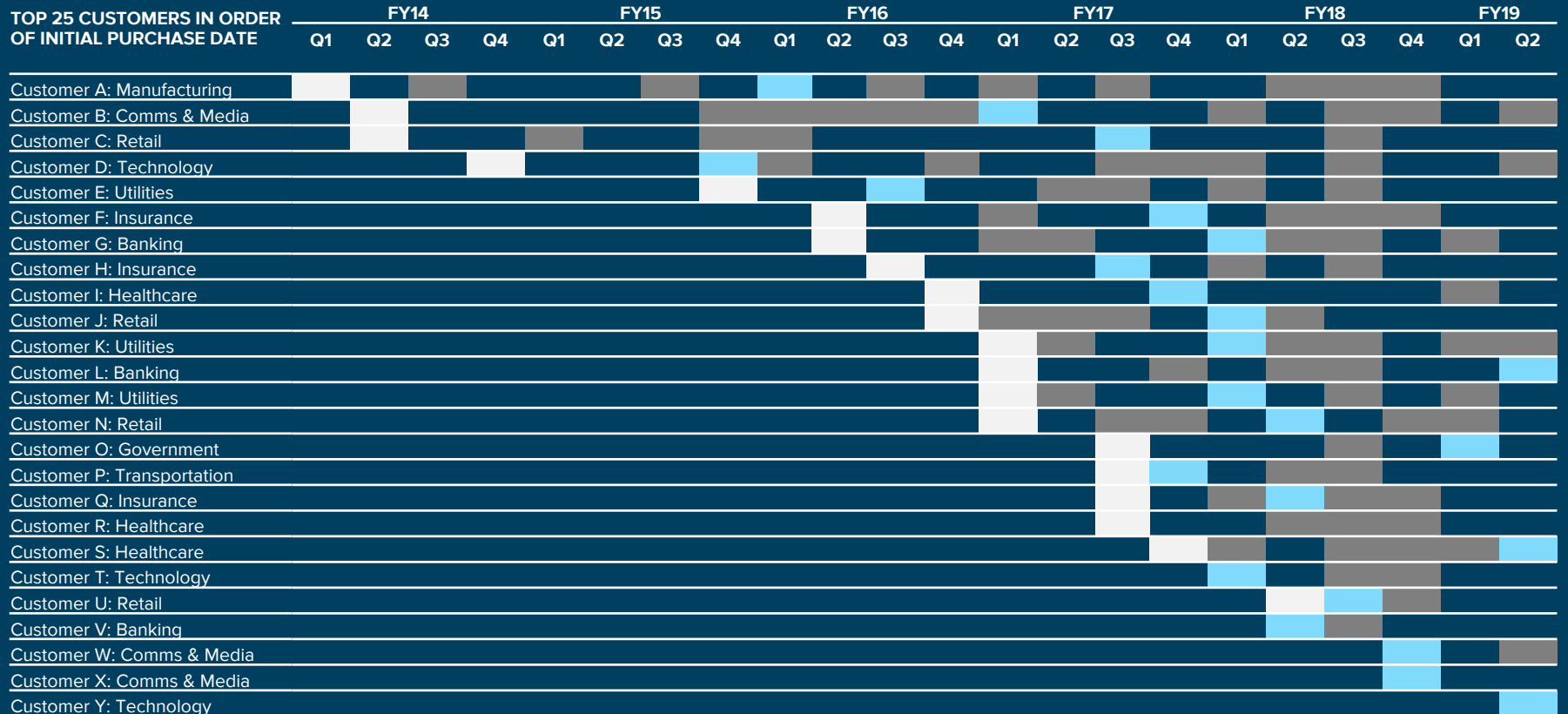
## *Breadth Across Industries*



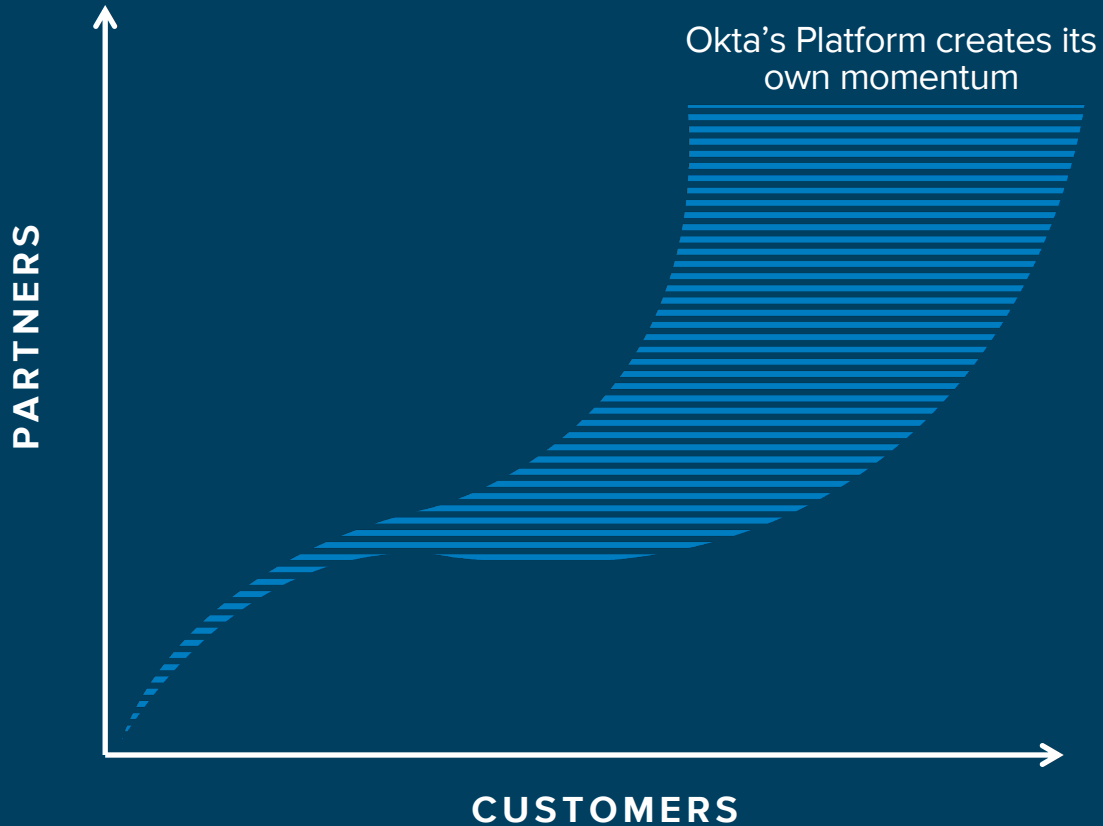


# Strong expansion within customers

*Exceeding \$1M ACV Earlier in Customer Life Cycle*

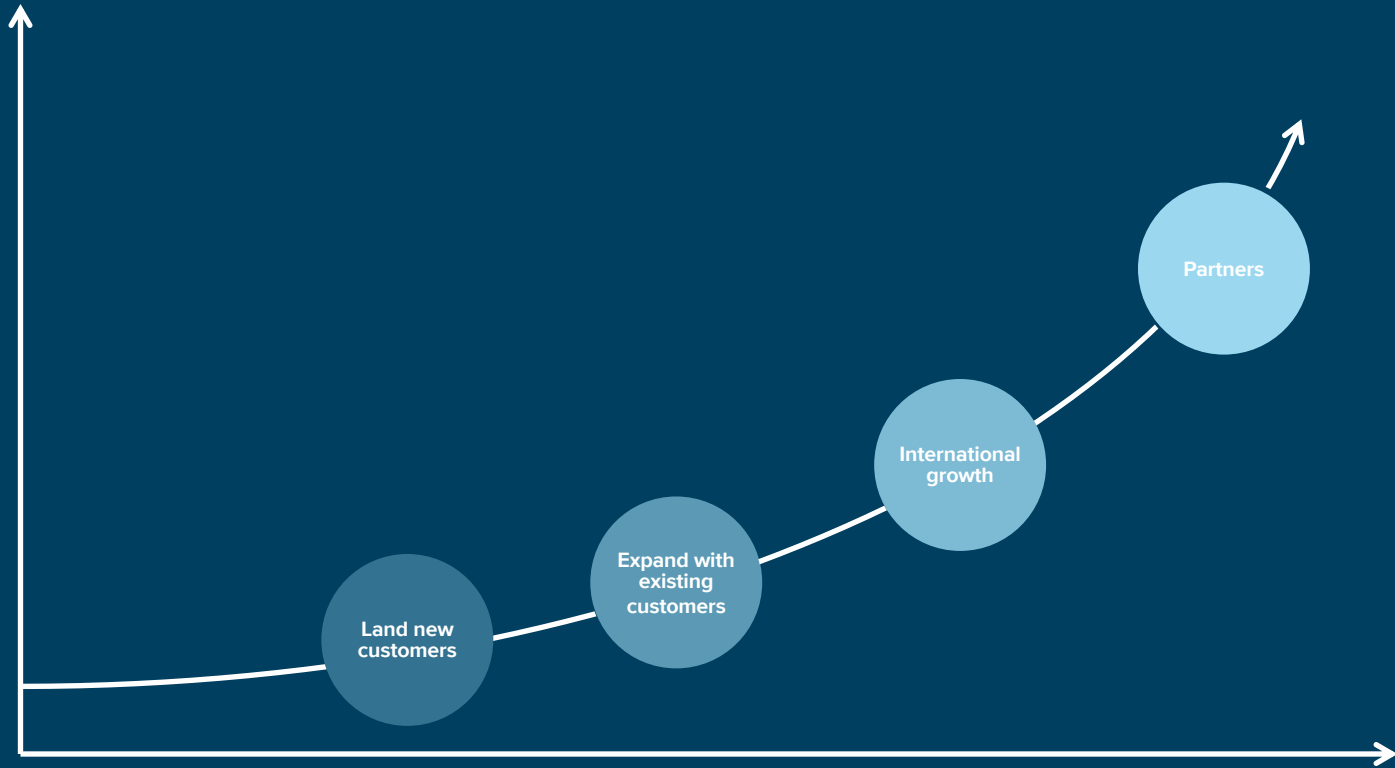


# Powerful network effects and competitive moat



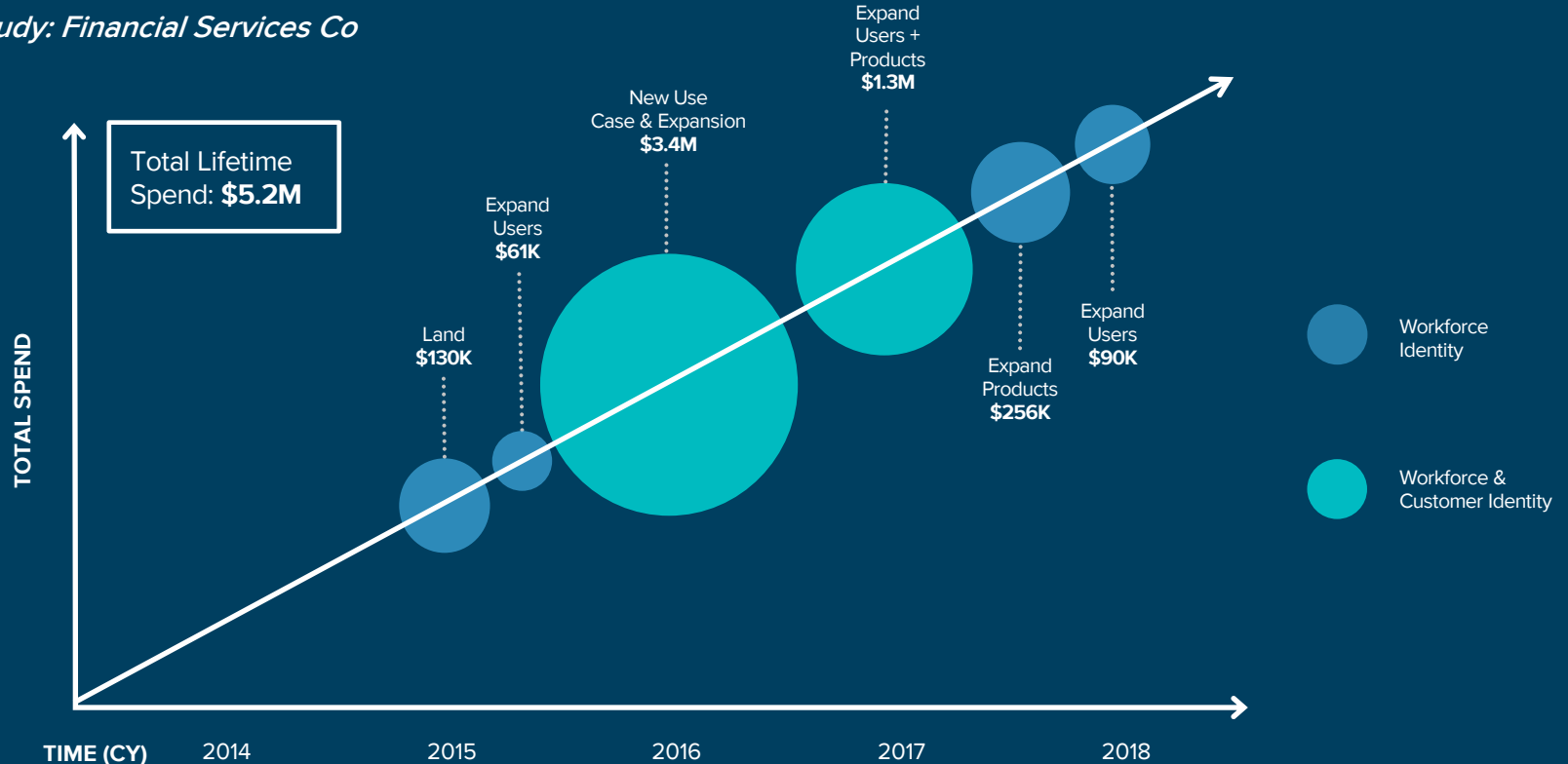
Where are we going?

# Opportunities for additional growth and leverage



# Multiple landing points and expansion opportunities

## Case Study: Financial Services Co

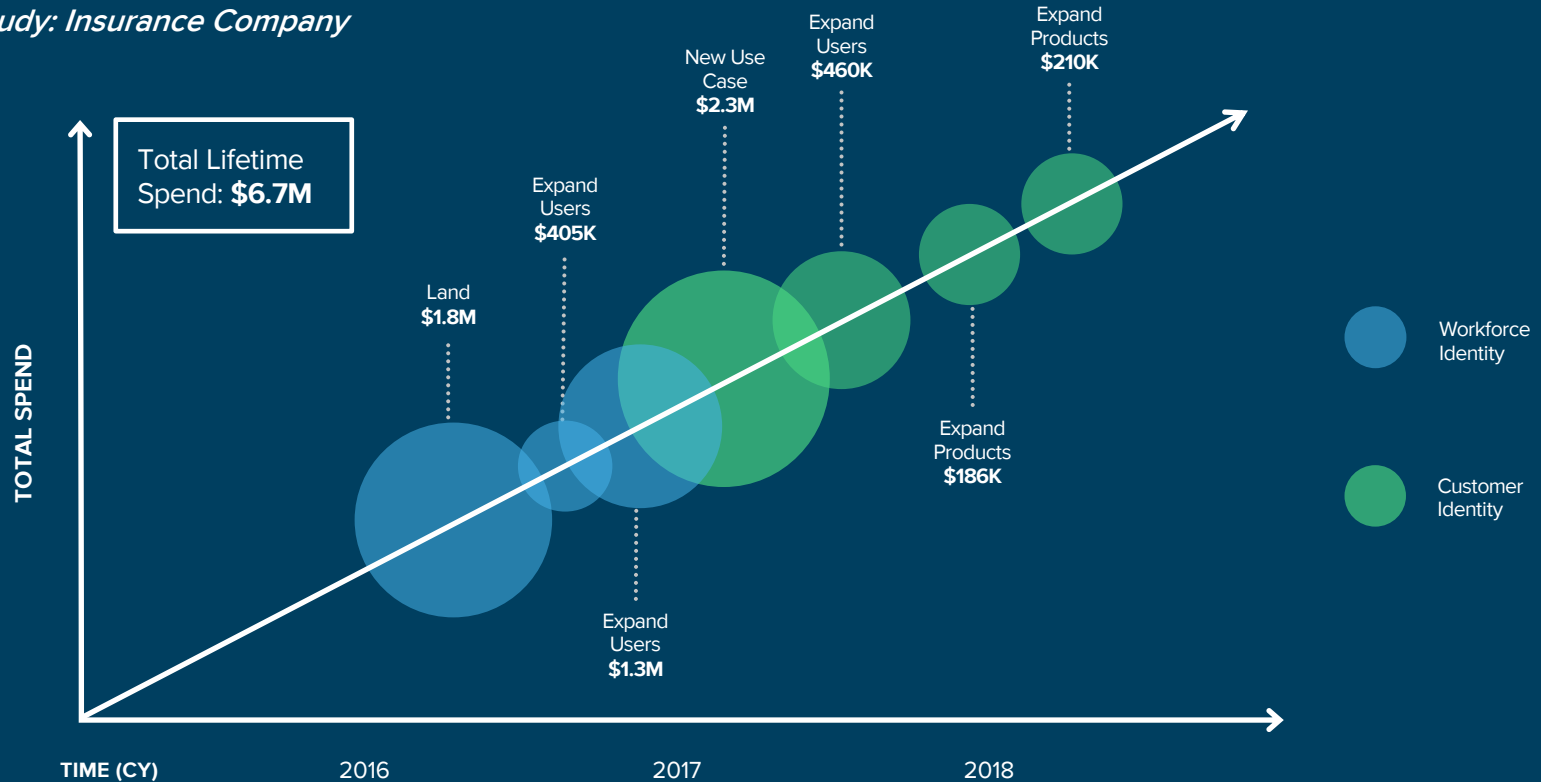


Note: Circles indicate total contract value.



# Multiple landing points and expansion opportunities

## Case Study: Insurance Company



Note: Circles indicate total contract value.

# Upside potential with increased investments in international

1H FY2019

**85%**

US  
contribution

**15%**

International  
contribution



**57%**

US  
growth rate




**65%**

International  
growth rate

# And increased investments in partner strategies

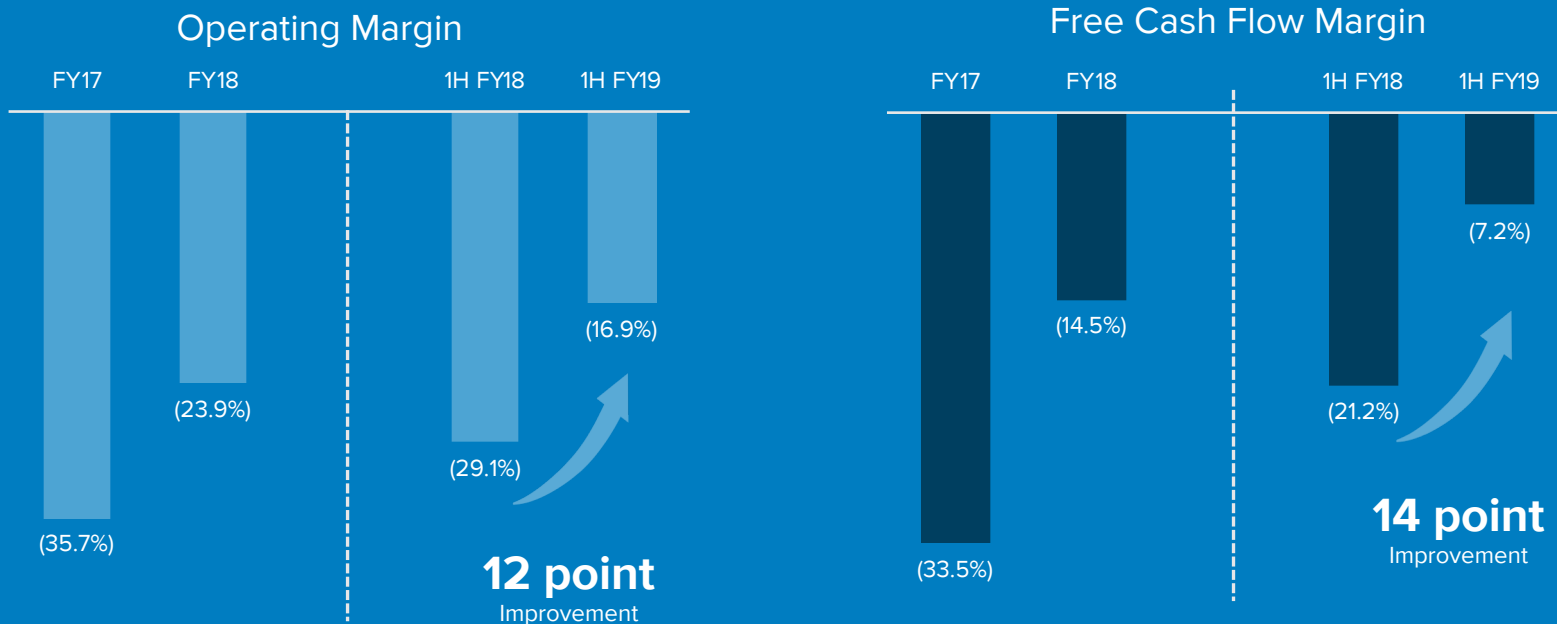
**~15% Partner  
Contribution Today**



SYSTEMS INTEGRATORS	Deloitte. Accenture Security	
RESELLERS		TEVORA™
TECHNOLOGY ALLIANCES & INDEPENDENT SOFTWARE VENDORS	 servicenow™	vmware® box

# Investments in long term growth with continued improving leverage

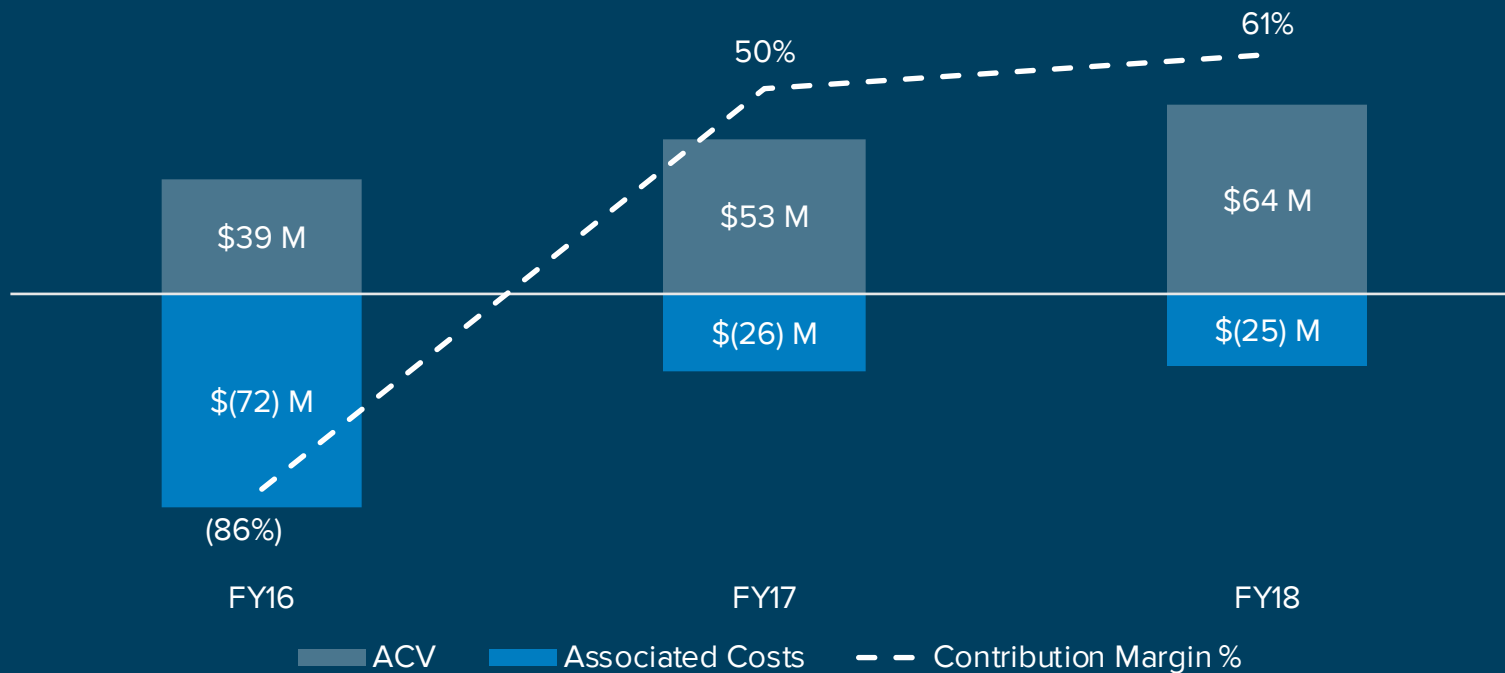
## Operating and Free Cash Flow Margins



Note: All financials are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.

# Improving customer economics

## Cohort Analysis and Contribution Margin



*Note: Data presented is not adjusted for ASC 606  
All financials are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.*

**Targeting > 30% sustainable growth  
in each of the next 5 years**

# Targeting > 30% sustainable growth in each of the next 5 years with strong operating leverage

	FY17 <sup>1</sup>	FY18	1H FY19	Key Drivers	FY24
Revenue ( <i>growth %</i> )	87%	60%	58%	New customers, expansion, international and partners	>30% <i>per year</i>
Gross Margin	67%	72%	74%	Continued strength in Subscription Margin	80% - 82%
S&M ( <i>% of revenue</i> )	70%	59%	56%	Customer momentum, increased expansions, partner channel leverage	37% - 39%
R&D ( <i>% of revenue</i> )	22%	21%	20%	Continue to innovate as we scale	17% - 19%
G&A ( <i>% of revenue</i> )	16%	16%	15%	Economies of scale	7% - 9%
Operating Margin	(41%)	(24%)	(17%)	Growth with leverage	16% - 19%
Free Cash Flow	(34%)	(15%)	(7%)		20% - 25%

Note: <sup>1</sup>FY17 data is presented not adjusted for ASC 606.

All financials except Revenue are Non-GAAP. For reconciliations of Non-GAAP to GAAP financial measures, please see the appendix.

# Opportunities for growth and leverage



Early in Land & Expand Opportunity



Making Investments in International Expansion



Burgeoning Partner Channel



Innovation in Platform and Network



The image features a vibrant blue background with a radial, starburst-like pattern of light rays emanating from the center. Scattered across this background are numerous semi-transparent, circular icons, each consisting of a smaller dark blue circle inside a larger light blue ring. The overall aesthetic is modern and tech-oriented.

okta

Thank You

Q&A

The image features a vibrant blue background with a radial, starburst-like pattern of light rays emanating from the center. Scattered across this background are numerous semi-transparent, circular icons, each consisting of a smaller dark blue circle inside a larger light blue ring. The overall aesthetic is modern and tech-oriented.

okta

Thank You

# Appendix

## Condensed Consolidated Statements of Operations<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
Revenue:										
Subscription <sup>(1)</sup>	\$ 28,200	\$ 33,977	\$ 38,539	\$ 44,193	\$ 48,279	\$ 55,317	\$ 61,863	\$ 70,963	\$ 76,841	\$ 87,854
Professional services and other <sup>(1)</sup>	3,842	3,568	4,182	4,305	4,046	4,942	5,048	6,089	6,780	6,732
Total revenue	32,042	37,545	42,721	48,498	52,325	60,259	66,911	77,052	83,621	94,586
Cost of revenue:										
Subscription	7,460	8,466	8,597	9,688	11,157	12,691	13,553	15,080	16,332	19,211
Professional services and other	4,919	5,314	5,506	5,999	6,306	6,991	7,570	7,407	7,775	9,017
Total cost of revenue	12,379	13,780	14,103	15,687	17,463	19,682	21,123	22,487	24,107	28,228
Gross profit	19,663	23,765	28,618	32,811	34,862	40,577	45,788	54,565	59,514	66,358
Operating expenses:										
Research and development	8,766	9,655	9,706	10,532	15,359	16,923	19,190	19,349	19,929	24,829
Sales and marketing <sup>(1)</sup>	24,377	26,768	30,307	29,317	35,303	37,891	47,567	44,259	49,493	59,004
General and administrative	6,945	6,142	7,922	9,090	11,639	11,948	13,546	14,670	15,070	20,955
Total operating expenses	40,088	42,565	47,935	48,939	62,301	66,762	80,303	78,278	84,492	104,788
Operating loss	(20,425)	(18,800)	(19,317)	(16,128)	(27,439)	(26,185)	(34,515)	(23,713)	(24,978)	(38,430)
Other income (expense), net	32	56	50	(99)	(19)	382	509	810	(1,215)	(1,762)
Loss before provision for (benefit from) income taxes	(20,393)	(18,744)	(19,267)	(16,227)	(27,458)	(25,803)	(34,006)	(22,903)	(26,193)	(40,192)
Provision for (benefit from) income taxes	81	95	91	158	248	229	(940)	142	(231)	(985)
Net loss	\$ (20,474)	\$ (18,839)	\$ (19,358)	\$ (16,385)	\$ (27,706)	\$ (26,032)	\$ (33,066)	\$ (23,045)	\$ (25,962)	\$ (39,207)
Net loss per share attributable to common stockholders, basic and diluted	\$ (1.10)	\$ (1.00)	\$ (1.01)	\$ (0.84)	\$ (0.70)	\$ (0.28)	\$ (0.35)	\$ (0.23)	\$ (0.25)	\$ (0.37)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	104,203	106,702

<sup>(1)</sup> The condensed consolidated statements of operations for the prior periods presented above have been adjusted after the adoption of ASC No. 2014-09, Revenue from Contracts with Customers (Topic 806) in February 2018.

# Appendix

## Non-GAAP Condensed Consolidated Statements of Operations<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
Revenue:										
Subscription <sup>(1)</sup>	\$ 28,200	\$ 33,977	\$ 38,539	\$ 44,193	\$ 48,279	\$ 55,317	\$ 61,863	\$ 70,963	\$ 76,841	\$ 87,854
Professional services and other <sup>(1)</sup>	3,842	3,568	4,182	4,305	4,046	4,942	5,048	6,089	6,780	6,732
Total revenue	32,042	37,545	42,721	48,498	52,325	60,259	66,911	77,052	83,621	94,586
Cost of revenue:										
Subscription	7,020	7,973	7,972	9,077	10,467	11,635	12,132	13,643	14,803	17,310
Professional services and other	4,646	5,001	5,202	5,606	5,837	6,253	6,591	6,456	6,886	7,934
Total cost of revenue	11,666	12,974	13,174	14,683	16,304	17,888	18,723	20,099	21,689	25,244
Gross profit	20,376	24,571	29,547	33,815	36,021	42,371	48,188	56,953	61,932	69,342
Operating expenses:										
Research and development	8,148	8,919	8,898	9,702	12,058	12,485	14,016	14,155	15,716	19,557
Sales and marketing <sup>(1)</sup>	23,023	25,356	28,688	27,673	32,928	34,870	43,673	40,307	45,340	53,533
General and administrative	6,214	5,385	6,395	7,261	9,564	9,223	9,852	11,636	11,719	15,452
Total operating expenses	37,385	39,660	43,981	44,636	54,550	56,578	67,541	66,098	72,775	88,542
Operating loss	(17,009)	(15,089)	(14,434)	(10,821)	(18,529)	(14,207)	(19,353)	(9,145)	(10,843)	(19,200)
Other income (expense), net	32	56	50	(99)	(19)	382	509	810	1,166	1,792
Loss before provision for (benefit from) income taxes	(16,977)	(15,033)	(14,384)	(10,920)	(18,548)	(13,825)	(18,844)	(8,335)	(9,677)	(17,408)
Provision for (benefit from) income taxes	81	95	91	158	248	229	(940)	142	(231)	(985)
Net loss	\$ (17,058)	\$ (15,128)	\$ (14,475)	\$ (11,078)	\$ (18,796)	\$ (14,054)	\$ (17,904)	\$ (8,477)	\$ (9,446)	\$ (16,423)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.92)	\$ (0.80)	\$ (0.75)	\$ (0.57)	\$ (0.47)	\$ (0.15)	\$ (0.19)	\$ (0.08)	\$ (0.09)	\$ (0.15)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	104,203	106,702

<sup>(1)</sup> The non-GAAP condensed consolidated statements of operations for the prior periods presented above have been adjusted after the adoption of Topic 606.

# Appendix

## GAAP to Non-GAAP Reconciliations<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
GAAP subscription gross profit	\$ 20,740	\$ 25,511	\$ 29,942	\$ 34,505	\$ 37,122	\$ 42,626	\$ 48,310	\$ 55,883	\$ 60,509	\$ 68,643
Stock-based compensation	393	446	578	562	688	1,056	1,421	1,437	1,529	1,901
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	—	—
Non-GAAP subscription gross profit	\$ 21,180	\$ 26,004	\$ 30,567	\$ 35,114	\$ 37,812	\$ 43,682	\$ 49,731	\$ 57,320	\$ 62,038	\$ 70,544
Non-GAAP subscription gross margin	75.1 %	76.9 %	79.3 %	79.5 %	78.3 %	79.0 %	80.4 %	80.8 %	80.7 %	80.3 %
GAAP professional services gross profit	\$ (1,077)	\$ (1,746)	\$ (1,324)	\$ (1,894)	\$ (2,260)	\$ (2,049)	\$ (2,522)	\$ (1,318)	\$ (995)	\$ (2,285)
Stock-based compensation	273	313	304	393	469	738	979	951	889	1,083
Non-GAAP professional services gross profit	\$ (804)	\$ (1,433)	\$ (1,020)	\$ (1,301)	\$ (1,791)	\$ (1,311)	\$ (1,543)	\$ (367)	\$ (106)	\$ (1,202)
Non-GAAP professional services gross margin	(20.9)%	(40.2)%	(24.4)%	(30.2)%	(44.3)%	(26.5)%	(30.6)%	(6.0)%	(1.6)%	(17.9)%
GAAP total gross profit	\$ 19,663	\$ 23,765	\$ 28,618	\$ 32,611	\$ 34,862	\$ 40,577	\$ 45,788	\$ 54,565	\$ 59,514	\$ 66,358
Stock-based compensation	666	759	882	955	1,155	1,794	2,400	2,388	2,418	2,984
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	—	—
Non-GAAP total gross profit	\$ 20,376	\$ 24,571	\$ 29,547	\$ 33,813	\$ 36,021	\$ 42,371	\$ 48,188	\$ 56,953	\$ 61,932	\$ 69,342
Non-GAAP total gross margin	63.6 %	65.4 %	69.2 %	69.7 %	68.8 %	70.3 %	72.0 %	73.9 %	74.1 %	73.3 %
GAAP research and development expense	\$ 8,766	\$ 9,655	\$ 9,706	\$ 10,532	\$ 15,359	\$ 16,923	\$ 19,190	\$ 19,349	\$ 19,929	\$ 24,829
Stock-based compensation	618	736	808	830	3,301	4,438	5,174	5,194	4,213	5,272
Non-GAAP research and development expense	\$ 8,148	\$ 8,919	\$ 8,898	\$ 9,702	\$ 12,058	\$ 12,485	\$ 14,016	\$ 14,155	\$ 15,716	\$ 19,557
Non-GAAP research and development expense as a percentage of revenue	25.4 %	23.8 %	20.8 %	20.0 %	23.0 %	20.7 %	20.9 %	18.4 %	18.8 %	20.7 %
GAAP sales and marketing expense	\$ 24,377	\$ 26,768	\$ 30,307	\$ 29,317	\$ 35,303	\$ 37,891	\$ 47,567	\$ 44,259	\$ 49,493	\$ 59,004
Stock-based compensation	1,354	1,412	1,819	1,644	2,375	3,021	3,894	3,952	4,153	5,471
Non-GAAP sales and marketing expense	\$ 23,023	\$ 25,356	\$ 28,688	\$ 27,673	\$ 32,928	\$ 34,870	\$ 43,673	\$ 40,307	\$ 45,340	\$ 53,533
Non-GAAP sales and marketing expense as a percentage of revenue	71.9 %	67.5 %	67.2 %	57.1 %	62.9 %	57.9 %	65.3 %	52.3 %	54.2 %	56.6 %
GAAP general and administrative expense	\$ 6,945	\$ 6,142	\$ 7,922	\$ 9,090	\$ 11,839	\$ 11,948	\$ 13,546	\$ 14,870	\$ 15,070	\$ 20,955
Stock-based compensation	731	757	1,527	1,829	2,075	2,725	2,940	3,034	3,351	4,495
Charitable contributions	—	—	—	—	—	—	754	—	—	1,008
Non-GAAP general and administrative expense	\$ 6,214	\$ 5,385	\$ 6,395	\$ 7,261	\$ 9,564	\$ 9,223	\$ 9,852	\$ 11,636	\$ 11,719	\$ 15,452
Non-GAAP general and administrative expense as a percentage of revenue	19.4 %	14.3 %	15.0 %	15.0 %	18.3 %	15.3 %	14.7 %	15.1 %	14.0 %	16.3 %

# Appendix

## GAAP to Non-GAAP Reconciliations<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
GAAP total operating expenses	\$ 40,088	\$ 42,565	\$ 47,935	\$ 48,939	\$ 62,301	\$ 66,762	\$ 80,303	\$ 78,278	\$ 84,492	\$ 104,788
Stock-based compensation	2,703	2,905	3,954	4,303	7,751	10,184	12,008	12,180	11,717	15,238
Charitable contributions	—	—	—	—	—	—	754	—	—	1,008
Non-GAAP total operating expenses	\$ 37,385	\$ 39,660	\$ 43,981	\$ 44,636	\$ 54,550	\$ 56,578	\$ 67,541	\$ 66,098	\$ 72,775	\$ 88,542
Non-GAAP total operating expenses as a percentage of revenue	116.7 %	105.6 %	102.9 %	92.0 %	104.3 %	93.9 %	100.9 %	85.8 %	87.0 %	93.6 %
GAAP operating loss	\$ (20,425)	\$ (18,800)	\$ (19,317)	\$ (16,128)	\$ (27,439)	\$ (26,185)	\$ (34,515)	\$ (23,713)	\$ (24,978)	\$ (38,430)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978	14,408	14,568	14,135	18,222
Charitable contributions	—	—	—	—	—	—	754	—	—	1,008
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	—	—
Non-GAAP operating loss	\$ (17,009)	\$ (15,089)	\$ (14,434)	\$ (10,823)	\$ (18,529)	\$ (14,207)	\$ (19,353)	\$ (9,145)	\$ (10,843)	\$ (19,200)
Non-GAAP operating margin	(53.1)%	(40.2)%	(33.8)%	(22.3)%	(35.4)%	(23.6)%	(28.9)%	(11.9)%	(13.0)%	(20.3)%
Other income (expense), net	\$ 32	\$ 56	\$ 50	\$ (99)	\$ (19)	\$ 382	\$ 509	\$ 810	\$ (1,215)	\$ (1,762)
Amortization of debt discount	—	—	—	—	—	—	—	—	2,381	3,554
Non-GAAP other income (expense), net	\$ 32	\$ 56	\$ 50	\$ (99)	\$ (19)	\$ 382	\$ 509	\$ 810	\$ 1,166	\$ 1,792
GAAP net loss	\$ (20,474)	\$ (18,839)	\$ (19,358)	\$ (16,385)	\$ (27,706)	\$ (26,032)	\$ (33,066)	\$ (23,045)	\$ (25,982)	\$ (39,207)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978	14,408	14,568	14,135	18,222
Amortization of debt discount	—	—	—	—	—	—	—	—	2,381	3,554
Charitable contributions	—	—	—	—	—	—	754	—	—	1,008
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	—	—
Non-GAAP net loss	\$ (17,058)	\$ (15,128)	\$ (14,475)	\$ (11,080)	\$ (18,796)	\$ (14,054)	\$ (17,904)	\$ (8,477)	\$ (9,446)	\$ (16,423)
GAAP net loss per share	\$ (1.1)	\$ (1)	\$ (1.01)	\$ (0.84)	\$ (0.7)	\$ (0.28)	\$ (0.35)	\$ (0.23)	\$ (0.25)	\$ (0.37)
Stock-based compensation	0.18	0.20	0.26	0.27	0.23	0.13	0.15	0.15	0.14	0.17
Amortization of debt discount	—	—	—	—	—	—	—	—	0.02	0.04
Charitable contributions	—	—	—	—	—	—	0.01	—	—	0.01
Amortization of acquired intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP net loss per share	\$ (0.92)	\$ (0.80)	\$ (0.75)	\$ (0.57)	\$ (0.47)	\$ (0.15)	\$ (0.19)	\$ (0.08)	\$ (0.09)	\$ (0.15)
Weighted-average shares outstanding used to compute net loss per share	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	104,203	106,702

<sup>(1)</sup> The GAAP to non-GAAP reconciliations for the prior periods presented above have been adjusted after the adoption of Topic 606.

# Appendix

## Calculation of Key and Other Selected Metrics<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
<b>Calculated Billings <sup>(1)</sup></b>										
Total revenue	\$ 32,042	\$ 37,545	\$ 42,721	\$ 48,498	\$ 52,325	\$ 60,259	\$ 68,911	\$ 77,052	\$ 83,621	\$ 94,586
Add:										
Unbilled receivables, current (beginning of period)	1,736	2,410	873	1,802	1,537	2,151	498	902	809	1,619
Deferred revenue, current (end of period)	69,108	77,219	88,008	102,966	111,759	122,173	135,010	159,816	173,548	186,427
Less:										
Unbilled receivables, current (end of period)	(2,410)	(873)	(1,802)	(1,537)	(2,151)	(498)	(902)	(809)	(1,619)	(818)
Deferred revenue, current (beginning of period)	(63,275)	(69,108)	(77,219)	(88,008)	(102,966)	(111,759)	(122,173)	(135,010)	(159,816)	(173,548)
Current calculated billings	37,201	47,193	52,781	63,521	60,504	72,326	79,344	101,951	96,543	108,266
Add:										
Deferred revenue, noncurrent (end of period)	7,349	6,611	4,950	4,154	3,578	2,929	2,145	4,963	4,346	5,471
Less:										
Deferred revenue, noncurrent (beginning of period)	(10,326)	(7,349)	(6,611)	(4,950)	(4,154)	(3,578)	(2,929)	(2,145)	(4,963)	(4,346)
Calculated billings	\$ 34,224	\$ 46,455	\$ 51,120	\$ 62,725	\$ 59,928	\$ 71,677	\$ 78,560	\$104,769	\$ 95,926	\$109,391
<i>y-y growth - current calculated billings</i>	N/A	N/A	N/A	N/A	63 %	53 %	50 %	60 %	60 %	50 %
<i>y-y growth - calculated billings</i>	54 %	65 %	67 %	69 %	75 %	54 %	54 %	67 %	60 %	53 %
Trailing 12 months calculated billings	\$130,002	\$148,307	\$168,902	\$194,524	\$220,228	\$245,450	\$272,890	\$314,934	\$350,932	\$388,646
<i>y-y growth</i>	66 %	67 %	63 %	65 %	69 %	66 %	62 %	62 %	59 %	58 %
<b>Free Cash Flow and Margin</b>										
Net cash provided by (used in) operating activities	\$ (15,035)	\$ (11,838)	\$ (8,526)	\$ (6,702)	\$ (9,686)	\$ (6,238)	\$ (9,471)	\$ 155	\$ 3,972	\$ (5,343)
Less:										
Purchases of property and equipment	(927)	(2,102)	(1,618)	(1,806)	(2,448)	(2,708)	(414)	(980)	(4,477)	(5,313)
Capitalization of internal-use software costs	(1,232)	(1,093)	(1,667)	(1,497)	(1,208)	(1,535)	(1,329)	(1,359)	(1,051)	(674)
Free cash flow	\$ (17,194)	\$ (15,033)	\$ (11,811)	\$ (9,805)	\$ (13,342)	\$ (10,481)	\$ (11,214)	\$ (2,184)	\$ (1,556)	\$ (11,330)
Operating cash flow margin	(46.9)%	(31.5)%	(20.0)%	(13.8)%	(18.5)%	(10.4)%	(14.2)%	0.2 %	4.8 %	(5.6)%
Free cash flow margin	(53.7)%	(40.0)%	(27.6)%	(20.2)%	(25.5)%	(17.4)%	(16.8)%	(2.8)%	(1.9)%	(12.0)%

<sup>(1)</sup> The current calculated billings and calculated billings for the prior periods presented above have been modified to conform with the adoption of Topic 606, which now includes unbilled receivables.



# Appendix

## Calculation of Key and Other Selected Metrics

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
<b>Customer Data</b>										
Total customers	2,450	2,650	2,900	3,100	3,350	3,650	3,950	4,350	4,700	5,150
<i>y-y growth</i>	58%	51%	45%	41%	37%	38%	36%	40%	40%	41%
Customers with ACV above \$100,000	300	354	401	443	493	539	603	691	747	837
<i>y-y growth</i>	83%	87%	83%	74%	64%	52%	50%	56%	52%	55%
Dollar-based retention rate for the trailing 12 months ended	120%	120%	124%	123%	123%	123%	123%	121%	121%	121%
<b>Headcount</b>										
Total headcount	713	792	843	898	1,020	1,096	1,141	1,176	1,265	1,392
<i>y-y growth</i>	54%	48%	45%	43%	43%	38%	35%	31%	24%	27%

# Appendix

## Condensed Consolidated Statements of Cash Flow<sup>1</sup>

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
<b>Operating activities:</b>										
Net loss <sup>(1)</sup>	\$ (20,474)	\$ (18,839)	\$ (19,368)	\$ (16,385)	\$ (27,706)	\$ (26,032)	\$ (33,066)	\$ (23,045)	\$ (25,962)	\$ (39,207)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:										
Stock-based compensation	3,369	3,663	4,838	5,258	8,906	11,978	14,408	14,568	14,135	18,222
Depreciation, amortization and accretion	887	1,085	1,205	1,391	1,575	1,713	1,823	1,890	2,069	1,630
Amortization of debt discount and issuance costs	—	—	—	—	—	—	—	—	2,571	3,842
Amortization of deferred commissions <sup>(1)</sup>	2,210	2,461	2,709	3,088	3,352	3,654	3,905	4,269	4,572	5,041
Deferred income taxes	—	—	—	—	—	—	(960)	426	(348)	(1,227)
Write-off of intangible assets	—	—	129	—	108	18	471	517	—	1,008
Non-cash charitable contributions	—	—	—	—	—	—	708	—	—	—
Other	(130)	18	285	402	162	401	(163)	319	161	(143)
Changes in operating assets and liabilities:										
Accounts receivable	3,090	(2,400)	(4,296)	(8,387)	2,243	(3,554)	(11,431)	(5,579)	1,719	(8,959)
Deferred commissions <sup>(1)</sup>	(3,937)	(4,144)	(6,392)	(9,623)	(4,223)	(5,294)	(6,713)	(10,756)	(5,693)	(8,547)
Prepaid expenses and other assets <sup>(1)</sup>	(3,550)	1,009	362	(1,045)	(3,756)	(1,144)	2,547	(7,047)	(3,983)	3,183
Accounts payable	3,454	(2,287)	1,285	(925)	3,236	(504)	3,523	(2,750)	2,339	218
Accrued compensation	(2,855)	(46)	1,633	3,235	(2,121)	4,683	3,369	(2,349)	329	169
Accrued expenses and other liabilities <sup>(1)</sup>	45	248	(34)	2,129	323	(1,824)	56	2,066	(1,051)	5,730
Deferred revenue <sup>(1)</sup>	2,856	7,374	9,128	14,162	8,215	9,787	12,052	27,626	13,114	13,897
Net cash provided by (used in) operating activities	(15,035)	(11,838)	(8,526)	(6,702)	(9,686)	(6,238)	(9,471)	155	3,972	(5,343)
<b>Investing activities:</b>										
Capitalization of internal-use software costs	(1,232)	(1,093)	(1,667)	(1,497)	(1,208)	(1,535)	(1,329)	(1,359)	(1,051)	(674)
Purchases of property and equipment	(927)	(2,102)	(1,618)	(1,806)	(2,448)	(2,708)	(414)	(980)	(4,477)	(5,313)
Purchases of securities available for sale	—	—	—	—	—	(86,776)	(8,568)	(33,742)	(252,914)	(67,104)
Proceeds from maturities of securities available for sale	3,000	2,000	—	7,500	10,335	2,500	9,150	17,840	19,500	60,000
Proceeds from sales of securities available for sale	—	2,207	4,000	—	1,538	—	—	—	—	—
Payments for business acquisition, net of cash acquired	—	—	—	—	—	—	—	—	—	(15,638)
Net cash provided by (used in) investing activities	841	1,012	715	4,397	8,217	(88,519)	(1,161)	(18,241)	(238,942)	(28,729)
<b>Financing activities:</b>										
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	—	—	—	199,997	(49)	—	—	—	—
Proceeds from issuance of convertible senior notes, net of issuance costs	—	—	—	—	—	—	—	—	335,055	(75)
Purchase of convertible senior notes hedge	—	—	—	—	—	—	—	—	(80,040)	—
Proceeds from issuance of warrants related to convertible notes	—	—	—	—	—	—	—	—	52,440	—
Payments of deferred offering costs	(390)	(416)	(184)	(594)	(2,246)	(1,792)	—	—	—	—
Proceeds from stock option exercises, net of repurchases, and other	124	535	1,006	772	2,564	1,352	21,884	7,846	12,196	8,859
Proceeds from shares issued in connection with employee stock purchase plan	—	—	—	—	—	—	—	8,369	—	6,854
Principal payments on financing arrangements	(71)	(71)	(71)	(183)	(207)	(66)	(70)	(174)	(206)	—
Net cash provided by (used in) financing activities	(337)	48	751	(5)	200,108	(555)	21,814	16,041	319,445	15,438
Effects of changes in foreign currency exchange rates on cash and cash equivalents	47	(101)	(90)	24	68	66	(81)	434	(387)	(245)
Net increase (decrease) in cash, cash equivalents and restricted cash	(14,484)	(10,879)	(7,150)	(2,286)	198,707	(95,246)	11,101	(1,811)	84,088	(18,879)
Cash, cash equivalents and restricted cash at beginning of period	58,081	43,567	32,718	25,568	23,282	221,989	126,743	137,844	136,233	220,321
Cash, cash equivalents and restricted cash at end of period	\$ 43,597	\$ 32,718	\$ 25,568	\$ 23,282	\$ 221,989	\$ 126,743	\$ 137,844	\$ 136,233	\$ 220,321	\$ 201,442

<sup>(1)</sup> The condensed consolidated statements of cash flows for the prior periods presented above have been adjusted after the adoption of Topic 605.



okta