EDITED TRANSCRIPT
Q4 2021 Okta Inc Earnings Call

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PRESENTATION

Dave Gennarelli *Okta, Inc. - VP of IR*

Hi, everybody. Welcome to Okta's Fourth Quarter and Fiscal Year 2021 Earnings Webcast. I'm Dave Gennarelli, Vice President of Investor Relations at Okta. With me in today's meeting, we have Todd McKinnon, our Chief Executive Officer and Co-Founder; Bill Losch, our Chief Financial Officer; and Frederic Kerrest, our Executive Vice Chairman, Chief Operating Officer and Co-Founder. Also joining us today is Mike Kourey, our incoming CFO; and Eugenio Pace, CEO and Co-Founder of Auth0.

Today's meeting will include forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding our financial outlook, market positioning and the proposed acquisition of Auth0. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Forward-looking statements represent our management's beliefs and assumptions only as of the date made. Information on factors that could affect our financial results is included in our filings with the SEC from time to time, including the section titled Risk Factors in our previously filed Form 10-Q.

In addition, during today's meeting, we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP financial measures and a discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalents is available in our earnings release. You can also find more detailed information in our supplemental financial materials, which include trended financial statements and key metrics, posted on our Investor Relations website.

In today's meeting, we will quote a number of numeric or growth changes as we discuss our financial performance. And unless otherwise noted, each such reference represents a year-over-year comparison.

And now I'd like to turn the meeting over to Todd.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Thanks, Dave. And thanks to everyone for joining us today. I hope that you and your families have remained safe and healthy since the last time we spoke.

Our strong fourth quarter financial results capped another fantastic year of growth for Okta, thanks to our relentless focus on execution and on customer success. These are results that we could be proud of in any given year, but I'm especially proud of the entire Okta team

for being able to deliver amidst the backdrop of the ongoing pandemic. It's a real testament to the team's agility and fortitude, combined with the growing importance of identity, which has only been punctuated by the crisis.

This afternoon, we also announced the very exciting news that we entered a definitive agreement to acquire Auth0. I know you want to hear more about Auth0 and the transaction, and we'll do so right after we walk through the Q4 results.

To highlight just a few of our fourth quarter financials, total remaining performance obligations, or RPO, grew 49%. Total revenue grew 40%. Subscription revenue grew 42%. And we generated $32 million of free cash flow.

It's worth repeating that the 3 mega trends that have been driving our business for the past several years, the adoption of cloud and hybrid IT, digital transformation and zero trust security, are being accelerated by both the pandemic and periodic security events. Organizations are being spurred to evolve their digital strategy, and their shift to dynamic work environments will remain a key part of their business going forward.

We're reaching more customers than ever before. We added a record number of new customers in the quarter and had a milestone of 10,000 customers. That's nearly triple the size of our customer base when we went public less than 4 years ago.

A highlight of our expanding customer base is the success we're having with large enterprise customers. In Q4, we added 170 customers with an annual contract value greater than $100,000, which is another quarterly record. And nearly half of these additions were from new customers. Notable wins this quarter include Alaska Air and State of Kansas Department of Labor for customer identity and a customer identity upsell with Dell Boomi. Our base of these large enterprise customers is now approaching 2,000 and continues to contribute approximately 80% of our total annual contract value.

I could not be more proud of what we accomplished in fiscal 2021, especially in the face of the pandemic. Just a few of the highlights include another year of record financial results with revenue growing by 43% and record free cash flow of $111 million.

With the health and safety of our employees as the first priority, we were able to quickly and effectively transition 100% of our employees to work from home and not miss a beat on execution. And we added over 2,000 new customers.

Our investments in innovation paid off with the launch of several new products and services, including workflows for Customer Identity and Advanced Server Access upgrades, which provide even greater value to our customers and increase the number of use cases we can address. We maintained our ability to attract and retain incredible talent, growing our employee base by 25%. And we're very proud of the progress we've made on the ESG front with the formal launch of our ESG program, the undertaking of our first carbon emission study and the publication of our first State of Inclusion report.

In summary, Q4 was a strong finish to another exceptional year. I'm very proud of the role that Okta played in helping companies navigate through this pandemic crisis. And I want to thank our employees, our customers and our partners who place their trust in us every day. As we begin our fiscal 2022, we have momentum on our side as we are just scratching the surface of a massive market opportunity.

Lastly, I want to take a minute to thank 2 people who have been critical to Okta's success. Charles Race headed up Okta's worldwide sales for the past 4-plus years and has retired after an incredible career. We're super excited that Susan St. Ledger has joined Okta to lead the go-to-market team into our next phase of growth. Her experience in scaling platform companies and expertise in enterprise sales will be essential.

I also want to thank Bill Losch again for his invaluable contributions to Okta over the past 7-plus years. Next week, we'll make the official CFO transition to Mike Kourey, who has been a Board member and Audit Committee Chair for the past 5 years. We're really fortunate to transition to someone of Mike's caliber but also someone who is intimately familiar with our business and strategy. To Charles and Bill, we wish you nothing but the best in retirement.

Now I'll pass it over to Bill for one last time. Bill?

William E. Losch *Okta, Inc. - CFO*

Thanks, Todd, and thanks to everyone for joining us. As a reminder, we have posted an earnings presentation that contains our detailed financial results on our Investor Relations website. As such, I will only cover some of the notable highlights in my commentary this afternoon.

As Todd noted, we had a strong finish across the board. I'll now touch on some of the Q4 highlights and then go into our outlook for Q1 and the full year fiscal 2022.

Turning to our Q4 results. Total revenue increased 40%, driven by a 42% increase in subscription revenue. Subscription revenue represented 96% of our total revenue. RPO or backlog, which for us is contracted subscription revenue, both billed and unbilled, that has not yet been recognized, grew 49% to $1.8 billion. Current RPO, which represents subscription revenue we expect to recognize over the next 12 months, also experienced strong growth of 42%. Year-over-year growth in current RPO is the more meaningful metric when viewed along with subscription revenue and billings growth.

Total and current calculated billings grew 40% and 38%, respectively. The strength in billings was driven by our success both in attracting new customers and in maintaining and expanding relationships with existing customers. As a reminder, Q4 billings included a modest headwind of $6 million related to invoice timing that we discussed last quarter.

As I've mentioned before, billings can be subject to variability caused by invoice dynamics, including timing, which is why current RPO is an important metric as it eliminates these types of variances, which have no impact on revenues. While we do not provide specific guidance for current RPO, we believe that on an organic basis excluding Auth0, current RPO growth will outpace subscription growth throughout the fiscal year.

Turning to retention. Our dollar-based net retention rate for the trailing 12-month period remained strong at 121%, down 2 points from last quarter. Gross retention rates, both in Q4 and throughout the pandemic, have remained strong. Revenue retention continues to be driven by strength with customer upsells, particularly within our enterprise customers. The retention rate may fluctuate from quarter to quarter. And in the current environment, it's possible that fluctuations in retention rates may be more pronounced.

Before turning to expense items and profitability, I would like to point out that I will be discussing non-GAAP results going forward.

Now looking at operating expenses. Total operating expenses grew 30%, slightly higher than forecasted as we increased investment to support our growth plans. The growth in expenses was partially offset by reduced travel and office-related expenses. Head count growth accelerated to 25% to just over 2,800, with the biggest increase in our go-to-market team as we continue to scale globally.

We generated cash flow from operations and free cash flow of $35 million and $32 million, respectively, which yielded a 13.8% free cash flow margin. Free cash flow was driven by strong billings and collections during the quarter. We ended the fourth quarter with a strong balance sheet anchored by $2.56 billion in cash, cash equivalents and short-term investments.

Moving on to our business outlook. While there remains some continued uncertainty given the pandemic environment, we remain optimistic about the demand for our products. Before I give our outlook, I do want to note that this guidance is for Okta on a stand-alone basis and does not include any impact from the Auth0 transaction.

For the first quarter of fiscal 2022, we expect total revenue of $237 million to $239 million, representing a growth rate of 30% to 31% year-over-year; non-GAAP operating loss of $28 million to $27 million; and non-GAAP net loss per share of $0.21 to $0.20, assuming weighted average shares outstanding of approximately 133 million.

For modeling purposes, I want to remind everyone that Q1 has some seasonality for expenses related to Oktane, our annual sales kickoff, and the reset of payroll taxes. In addition, this year we have moved our annual merit cycle forward from Q2.

Given our strong Q4 results, for the full year fiscal 2022, we are increasing our revenue outlook from the preliminary view we gave you last quarter. We now expect total revenue of $1.08 billion to $1.09 billion, representing a growth rate of 29% to 30% year-over-year. We also expect non-GAAP operating loss of $61 million to $55 million and non-GAAP net loss per share of $0.49 to $0.44, assuming weighted average shares outstanding of approximately 135 million.

The expected increase in operating expenses is related to scaling our business and is driven primarily by increased head count in sales and marketing, especially internationally, to fuel growth, and increased head count across R&D to drive innovation.

In summary, we are pleased with our strong fourth quarter performance to end the year. The accelerated tailwinds of cloud, digital transformation and security position us well to achieve our long-term financial targets. We plan to further capitalize on our market leadership position and the tremendous market opportunity ahead of us.

And finally, as Todd said, this is my last earnings call. I just want to take a moment to say how thankful I am to have been part of Okta for the past 7-plus years. It's truly been an honor to work with such an incredible team. The future for Okta has never been brighter, and I look forward to seeing the company achieve great things on the many years ahead. I know Okta will be in great hands with Mike.

Back over to you, Todd.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Okay. Now let's talk about why we're so excited about Auth0 and why we believe this is a real game changer for the identity market and for all current and prospective customers. Freddy and I started Okta 12 years ago because we saw the need for a modern identity solution for a company's workforce that would scale and grow with the burgeoning adoption of cloud applications. Importantly, it had to be independent and neutral from the big platform companies who want to sell you other applications as well, the opposite of best of breed.

In the ensuing years, we built out a portfolio of workforce identity products that help our customers meet the growing challenges of security and identity in complex environments. Several years ago, we broadened our product and market scope to include customer identity, or CIAM, to help organizations meet similar identity and security challenges for their customer experiences. CIAM is now 1/4 of our business and grew approximately 50% in Q4.

Okta's vision is a world where everyone can safely use any technology. As part of that vision, we view a world where cloud adoption continues to proliferate and that 5-plus years from now, there will be just a few primary clouds that really matter inside an organization. These clouds might be for collaboration, CRM, infrastructure and ERP, for example. We firmly believe that identity will be one of these primary clouds. Identity is the connected tissue to all of the other primary clouds as it facilitates choice and flexibility while enhancing security and reducing risk in all other technologies.

This vision, which is shared by Auth0, underpins one of the many reasons why the combination of our 2 companies makes so much sense. By supporting more use cases such as developer, security operations, IT and digital transformation, the more we become the standard across organizations. Supporting more customer identity use cases makes the identity cloud even more strategic and an essential primary cloud. The TAM we're addressing is massive and nearly evenly split between workforce and customer identity. Today, the majority of our business is workforce identity. We've seen tremendous growth in both sides of the business with customer identity growing faster off a smaller base.

And like I said earlier, we're only just beginning to scratch the surface of these markets. Auth0 is also a leader in the customer identity market and brings a complementary go-to-market motion and a more developer-centric approach to the market. Combining the companies really accelerates our penetration into that $25 billion market.

They've grown the company on a trajectory to generate over $200 million in ARR here in FY '22, representing growth of over 50%. Like Okta, Auth0 has a highly recurring revenue stream that is very loyal. It's growth accretive from day 1, and we've identified many areas that we believe will yield synergies.

Combining with Auth0 accelerates our vision to establish Okta as a standard for digital identity at a time when customers are accelerating their digital transformations and looking for scalable and secure ways to digitally interact with their customers. With Auth0, we will be adding thousands of customers, a significant number of end developers and hundreds of millions of users. We'll also be adding more strategic partners, increasing use cases and expanding our international footprint. These network effects will allow the combined company to better serve our customers with a more comprehensive offering.

I'd like to bring on Eugenio Pace, Co-Founder and CEO of Auth0, who can tell you more about the incredible company they've built.

Eugenio Pace

Thanks, Todd. We are just as excited about joining the Okta team when this transaction closes.

It is true that we share the same market vision and opportunities. Matias Woloski, our CTO, and I started Auth0 8 years ago with a mission to secure the world's identities so that innovation can happen faster. We serve innovators across a wide range of companies, big and small, start-ups and well-established, across all geographies in all verticals. We believe every company is a software company, and every company is building applications to deliver better experiences to their customers.

This is especially true in this COVID era with the rapid acceleration of digital transformation efforts. We empower the software developers who are creating these applications to innovate faster by removing the complexity from identity and making it simple, extensible and customizable. In short, we solve complex and large-scale identity use cases for global companies of all sizes with our extensible and easy-to-integrate platform, securing billions of login transactions every month.

We believe combining with Okta accelerates our vision on many levels. As Todd mentioned, the market opportunity is huge but still new as the largest incumbent is internally built solutions. As applications scale and security risks grow, companies can turn to us to better secure their digital footprint and free up one of their most valuable and scarce resources: their developers.

Organizations implement Auth0's CIM, both for consumers and for businesses, just like how they turn to Stripe for payments or Twilio for messaging. They are doing this because what we do is much more flexible, much more extensible and more secure than in-house solutions.

We take a developer-centric approach to the market, which is very complementary to Okta. We have a large thriving developer community, which provides powerful grassroot support for Auth0 within SMB and enterprise that we leverage in our sales motion. Our developer-led adoption fosters rapid customer growth, and the vast majority of our customers are up and running in less than 30 days.

Taking a closer look at our solutions. We provide a universal authentication and authorization service for application builders. Developers can connect any application written in any language or stack with us, with Auth0, and then define how users will authenticate. We give developers exceptional flexibility with our advanced rules engine, which allows them to integrate with anything with an API. And our systems are designed with cloud scale in mind, so we can serve applications with millions of users and large spikes in user volume.

In summary, we give developers the building blocks they need to secure their applications today without having to become security experts themselves, while we prepare them for the challenges and opportunities of the future. Developers can focus on what truly matters to their business, which is innovation, better customer engagement and loyalty and a superior user experience, all of which translate into larger revenue-generating opportunities and growth. With our shared vision and complementary approach to the identity market, combining with Okta will be fantastic for customers.

Now let me hand the call over to you, Todd.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Thanks, Eugenio It's clear that you and the Auth0 team have built an extraordinary company.

First and foremost, we are committed to do everything we can, not only to maintain but to accelerate our combined innovation and momentum in the market. That's why Auth0 will run as an independent unit within Okta. Both platforms will be maintained and invested in, and Auth0 will be integrated over time with the Okta Identity Cloud, making both platforms even more compelling.

In addition to the added scale and further acceleration into the $25 billion customer identity market, our businesses are complementary in so many ways, for instance, customer choice. With Okta's enterprise expertise and Auth0's significant developer community, every customer will have more choice in finding a solution that best addresses their identity use cases, no matter the audience or user. We see synergies for international expansion as Auth0 generates approximately 40% of their business outside the U.S. We believe the combination will also speed innovations for our customers.

Beyond a shared market vision, we share many of the same core values. We're both maniacally focused on customer success and product innovation. We care deeply about our employees. Transparency is shared in our DNA. And we strive to be involved in and give back to the communities in which we operate.

Okta has established itself as a category leader in identity and access management. And the combination with Auth0 expands our value proposition to the ethos of developers, extends our go-to-market model through self-service and allows Okta to efficiently address more market segments. Auth0 accelerates the development of Okta's Identity Cloud and product road map to more quickly and effectively serve our customers' ever-evolving identity needs. We expect the CIAM market to continue to grow rapidly. And with Auth0, we will be able to address customer needs much more quickly and completely.

Now I'll turn it over to Mike Kourey, our incoming CFO, to wrap things up. Mike?

Michael Kourey

Thanks, Todd. First, I couldn't agree more with Todd that both Bill and Charles have been instrumental to Okta's success, and we owe you a debt of gratitude. In my role as Okta Board member and the Audit Committee chair, it was a pleasure working with you both.

For those who don't know me, I've built a career in finance and have been an executive leader and Board member with several public and private technology companies, including holding the CFO position at Polycom, Medallia and most recently at Vlocity, which was acquired by Salesforce last year. My decision to move from the Board and Audit Committee Chair was pretty easy. For the past 5 years, I've had an up-close view into Okta's business, strategy and opportunities. From that unique perspective, I'm more excited than ever about Okta's future and ability to build the company into an iconic cloud company. I'm really looking forward to working with you all and being part of the next chapter of Okta.

Turning back to the acquisition of Auth0. I'll walk through some of the nuts and bolts. Under the terms of the definitive agreement, Okta will acquire Auth0 for $6.5 billion in stock based on an Okta price of $276.21. The purchase price represents a revenue multiple that is slightly lower than Okta's FY '23 revenue multiple based on current consensus estimates.

We expect the acquisition to close in our second quarter, subject to customary closing conditions. We expect Auth0 to be accretive to the FY '22 revenue guidance that Bill outlined earlier. We expect the combined company to remain cash flow positive on an annual basis, excluding the impact of integration and transaction-related costs. While we expect there to be some cost synergies, we plan to reinvest any potential savings to support growth for the combined entity. We will provide more specific company combined guidance after the transaction closes, likely during our next quarterly earnings call.

Okta's and Auth0's immediate go-to-market priorities will remain the same. And as Todd mentioned, we're committed to propelling the success that Auth0 has achieved through this transaction and beyond as we consider this an ideal combination. We'll provide more details and insights regarding the transaction and Okta's vision and strategy at our next Investor Day event on April 7, which is being held in conjunction with Oktane21.

Now I'll turn it over to Dave, who will open it up for questions. Dave?

QUESTIONS AND ANSWERS

Dave Gennarelli *Okta, Inc. - VP of IR*

Great. Thanks, Mike. (Operator Instructions) And first up, we have Rob Owens from Piper Sandler. Rob?

Robbie David Owens *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Todd, I guess at a high level, as we transition throughout this year, you talked about certain demand trends that were potentially increasing as you look forward, either in terms of usage or in terms of customer engagement. If we look at the initial take around guidance, it does look like a bit of a decel. And understanding that the CIAM side of the business is growing faster, just curious if anything's changed relative to the enterprise side of the business. I know that you tend to kick off every year with a level of conservatism relative to expectations. So maybe just help us with where the demand picture is right now and your execution from an enterprise sales perspective.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. I think demand is strong. And you saw in the numbers, the 100,000-plus adds, nearly 2,000 now. That's a record number for the quarter. So business is strong. I think Bill can talk about more details about the go-forward guidance, but I mean the pandemic is not over, and I still -- there's still some economic certainty around that. So I think we're being prudent in that guide.

But the things we've been talking about for a long time, the more cloud and with the pandemic, more remote work, security being a heightened requirement from people, it's all driving identity. And we're in a very good position to help customers in this. Identity could be a daunting challenge. We can help the customers.

And then you layer on top of that CIAM, which is -- it's -- our independent CIAM business is doing well. But combining with Auth0, which is, I mean, just an amazing, amazing company, and along with them we bring the marquee CIAM flexibility and solution, and it's really going to galvanize and accelerate that market. So we're in a good spot. It's -- there's a lot of work still to do. We're talking about a $55 billion TAM across workforce and customer identity, but we're making steps forward every day.

Jacques Frederic Kerrest *Okta, Inc. - Co-Founder, Executive Vice Chairperson & COO*

Yes. And I'll add to that, Rob. We're cautiously optimistic about the macro environment. But as Todd said, we're really confident in our business and the demand for our products, which is why we did raise the full year guidance by $20 million versus what we told you or gave you last December.

Also as I mentioned in my prepared remarks, we believe that our CRPO growth, our current RPO growth, will actually outpace our revenue -- sub revenue growth this year. So that's an indication that we feel strong about our pipeline and the demand for our products.

And the final thing I would say, which you actually mentioned, is that it's early in the year. So we think that what -- the guidance that we've given for the year is prudent at this point.

Dave Gennarelli *Okta, Inc. - VP of IR*

Thanks, Rob. Okay. Next question from Andy Nowinski from D.A. Davidson. Andy?

Andrew James Nowinski *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Great. So Bill, it was great working with you, and I really hope you enjoy the next chapter of your life. And Mike, very excited to work with you again.

I guess I just have a few questions on Auth0. I think just from talking to our own developers, I know they really like it. And I think the reason they chose Auth0 was for that reason that they are able to integrate with more sort of, call it, uncommon applications, homegrown applications, et cetera. Do you think the developer framework that Auth0 has will really allow you to expand sort of that API library that you already have and get you into more of the uncommon applications?

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Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. This is -- thanks for the question. This is -- Auth0 is an amazing company. And we're really, really lucky to join up with them.

And the thing I'll just call out, and then I get into more details of your question, is that they built the company from the ground up to be focused on developers. And that manifests itself in a lot of different ways, but the biggest way is almost a cultural way. It's an ethos of the flexibility and the expressiveness that developers need. And it manifests itself in terms of application integrations and just flexibility of the approach and brand the company builds, and it's very, very powerful.

Andrew James Nowinski *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Okay. And then I know -- just a follow-up question on that. Well, I believe they were more heavily skewed to the customer identity use case versus the workforce. So it certainly does seem somewhat complementary. But I'm wondering if -- I know you're going to run these 2 companies separate initially. But do you think -- was there something in their customer identity solution that might have been better than what you already had?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

It's very, very, very complementary. I think if you look at the customer identity market, $25 billion TAM. And I mean we've talked about this in the past. The biggest "competitor" in that market is build your own. So customers are going to build their own, or they're going to buy a service from Auth0 or any other vendor, right?

And if you look at developers, you have to have a very, very flexible solution that's built from the ground up to address the needs of a developer in a way that they want to use it exactly or they're going to choose to build their own. So that's the magic that Auth0 has captured, and that's why we're so excited.

Eugenio Pace

Maybe to complement a little bit of what you said, Todd. And Andy, thank you for the kind words and the kind words from your team. By the way, it's great to meet you all. Thank you for having me this afternoon.

So yes, building a developer-oriented platform has a lot to do with dealing with the unexpected because you cannot predict everything that will happen. And we strive for simplicity but also for extensibility, a word that Todd has used many times, mostly because we want to solve the 20% of the use cases that happen 80% of the time with no effort, no friction right away.

But we also want to give you the power to deal with the other long tail of situations, corner cases, legacy integrations, all the things that I think you mentioned your developers were encountering, in a way that doesn't require you to do like end up with Frankenstein solutions, which is unfortunately part of the problem in this domain. We want to give you that flexibility to go and tinker around and finish up the last mile integration so it works for you. And it doesn't depend on us delivering anything for you. We are -- your developers are free to take the platform as it is, and then extending and making their own when it's required.

Dave Gennarelli *Okta, Inc. - VP of IR*

Thanks, Andy. Okay. Next question from Alex Henderson of Needham.

Alexander Henderson *Needham & Company, LLC, Research Division - Senior Analyst*

Great. Just a housekeeping. Could you tell us what the share count would be for the full year guide if you were profitable? So that we have a baseline for valuation purposes.

And then the second question I wanted to ask is when you look at the overlap between the customer-facing portion of Auth0 and the customer-facing portion of Okta, can you talk about how long it takes to integrate those 2 and to what extent there is overlap in feature functionality that might require some rewrites? So just how much complexity is there in integrating the 2 pieces that are customer-facing.

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Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. So the customer identity market is a big TAM, as I mentioned. It's $25 billion. And the dynamics in that market are -- I mentioned before, a lot of it is do the developers build their own solution or they buy something, right? There's another dynamic which is from the other side, you have CIOs, Chief Technical Officers, Chief Security Officers thinking of buying solutions from vendors they know and addressing those problems.

So what this combination does is it's better for the customers because the developers are going out there and seeking solutions that will be better than building themselves. The executives are -- and that's Auth0's forte. The executives are familiar with a solution like Okta, but maybe it's doing their workforce or maybe it's doing part of their CIAM. You put those together, that catalyzes this market. That really turns it in from, "Should I build it myself? Should I use a legacy vendor?" to, "There's a clear cloud leader here, a vendor of the future that can serve all of these needs for me, the customer, and it's a win-win for everyone."

One thing we haven't even talked about, which is -- we shouldn't take for granted, is that Auth0 is a native cloud company. They were built from the ground up in the cloud, which isn't the case in a lot of identity stacks. A lot of them are legacy technology. They're trying to port software and take an old-world concept of how things should work and put them into the new world. So we don't have that here. So it's very exciting.

In terms of the integration, we're both growing very quickly: Okta, north of 40%; Auth0, north of 50% as we mentioned. And so first order is like support customers, innovate with our customers and both grow. Secondarily, we will -- the platforms are already integrated. You can -- today, you can specify you can use Okta to log into Auth0 and vice versa. So it's integrated somewhat today, but there's tons of more potential to integrate these things in powerful ways for customers.

And I know Eugenio has some thoughts on that, too. You can maybe comment on how you...

Eugenio Pace

Well, I was going to mention that we already have a lot of customers in common. And it's not unusual that we will go to the big financial services company on the East Coast that uses Okta for their workforce and other things, and they use us for all their customer-facing portals. And as Todd mentioned, it's already integrated because you can log in, you can cross-log in. There's other points across the workflows for both products that are already in touch.

So even though there might be -- I'm sure there will be a lot of other opportunities for more -- even more value to be unleashed by working together. What we focus really is on the customer, what the customer is trying to achieve, what the customer is trying to do, and that we can make it simpler.

Alexander Henderson *Needham & Company, LLC, Research Division - Senior Analyst*

If I could, just one last item. Can you tell us whether the integrated, combined company roughly doubles the consumer-oriented portion of the business? And I know you've said it's 25% of Okta currently, but when I put the 2 together, does it double the size of the customer-facing portion of the business?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes, just right about there. Yes, we mentioned the number of 200 million ARR by the end of this year for Auth0. So yes, that puts it right about there.

Alexander Henderson *Needham & Company, LLC, Research Division - Senior Analyst*

Great. Well, congratulations to both. You guys have done a great job.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

And Bill can comment on it, too. Bill?

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William E. Losch *Okta, Inc. - CFO*

Alex, fully diluted shares is 144 million, but that obviously excludes the Auth0 transaction.

Dave Gennarelli *Okta, Inc. - VP of IR*

Okay. Next question from Jonathan Ho at William Blair. Jonathan?

Jonathan Frank Ho *William Blair & Company L.L.C., Research Division - Technology Analyst*

Bill, just wanted to echo my congratulations as well on the retirement. It's been a fantastic pleasure to work with you. Just really starting out with, I guess, the acquisition rationale. Can you talk about why the need to make the acquisition now and maybe some of the process that you went through around the acquisition?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. I can -- Jonathan, I can comment from the Okta perspective. If you look out 10 years for Okta, the strategic priority for us is continue to establish identity as what I call a primary cloud. I think that there'll be hundreds of thousands of vendors that will sell technology to companies and a handful -- but only a handful, 5 or 6 or so, that will rise up to that really strategic level as one of those primary clouds in the company's environment.

And there's going to be -- collaboration is going to beat one. Infrastructure is going to be one. We can talk about the other few. There's candidates. But we're very, very focused on making sure identity is one as well. And to establish that, the use cases have to be broad. And we have to execute both on workforce identity and on customer identity.

So if you drill into the customer identity market, I've mentioned a couple of times that a big part of it is there's all those developers involved. And do they want to build their own solution? Or do they want to use a vendor, right? And so if you look at from the joint company perspective, we can really catalyze that market because we have the things that Okta is great at. We're really good at going to market at the executive level. We've built a service with some unique capabilities, even on the CIAM side, to be integrated to certain data stores, certain applications, certain capabilities.

You put that together with this amazing developer focus and this amazing platform, this flexible, extensible platform that Auth0 has, and it becomes that really compelling choice for customers not only -- in the customer identity realm, which broadens the value of Okta's overall identity portfolio. So it's really important that we both work together. And as we started talking to each other over the last year or so, it became clear that it was time to work together instead of independently. And together, we could catalyze this market faster than either of us could do it independently.

Jonathan Frank Ho *William Blair & Company L.L.C., Research Division - Technology Analyst*

Absolutely. Absolutely. And then just as a follow-up, can you talk a little bit about how often the developers are making a decision around sort of the CIMS platforms and maybe the trend around how often the decision process is maybe shifting more left?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. It's -- if you think about the dynamic, right, in the market, the -- there were cases in the past where we would compete with Auth0. It was relatively small compared to the whole market and compared to the whole business. But in that case, one of us was kind of in the wrong place because most deals, the developers decided and went with Auth0 or the CIO or CTO or CISO decided and went with Okta.

But on the margin, you could see customers wanting both, right? They wanted the flexibility of Auth0 and then everything that Okta brought to the table. And that over time just became more and more clear that together, we could go faster and be better than either of us could be independent. So that's why -- that's really what brought us together.

Dave Gennarelli *Okta, Inc. - VP of IR*

Next question from Eric Heath at KeyBanc.

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Eric Michael Heath *KeyBanc Capital Markets Inc., Research Division - Research Analyst*

Could you talk about the decision to double down in access management with Auth0 versus maybe making more of an aggressive push into IGA or PAM?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

I think they're all really interesting opportunities. And we're going to be broad across all of these identity use cases because back to the strategic priority of this primary cloud, it's got to be all these use cases, right? It's not just customer or part of workforce. It's anything that touches identity and how we can add strategic value to customers, whether that's through integrations, whether that's through partnerships or whether that's through building ourselves.

I think the unique thing about customer identity is the size and the scale and the strategic importance to customer and this dynamic. This developer focus and this mindset of building something for developers, you have to start from scratch to have it. If you look at great companies that do this like Twilio or Stripe, they started from scratch this way. And that's what Auth0 has. The first line of code, it was this focus.

I mean, Eugenio, you should jump in here and talk a little bit about this. But it's core to what they have.

Eugenio Pace

Absolutely. So if you want to talk about developers and our beliefs there, we have very, very strong opinions. I think many years ago, there was this paper written that was titled, "Software is eating the world and now developers are the new kingmakers." I think you're all aware of that.

Developers are a scarce resource. We cannot hire enough developers anywhere in every industry. And software, there's no company in the planet that can survive without software. The key is deciding which software are you going to invest in and you're going to put your own expertise and your own resources in. And so anything -- our hypothesis when we created the company, and to the point of like building that from the ground up and the essence to our DNA, is that anything that will remove friction from a developer daily work, anything that will tick the box on things that are important will be absolutely successful.

Twilio is a perfect example. My first tagline for the company was we are Twilio for authentication. And Stripe is another perfect example. I think developers have a lot of influence. They might not own the budget themselves, but they do have the same in the technology stack, into the things that will make their life easier.

Developers are movable. They go from one project to another. They go from one company to another. So they have this essentially viral effects around the world that spreads the voice. And they are a loyal constituency. They relay and they depend on the recommendations of others. "What are you using for authentication? Oh, I'm using Auth0. I wouldn't use some -- anything else. You would be crazy to build this on your own." Those kind of dialogues are happening. Of course, I'm oversimplifying a little bit. But that's what makes it so powerful.

Eric Michael Heath *KeyBanc Capital Markets Inc., Research Division - Research Analyst*

Great. That's helpful. And then a follow-up, if I may. Could you talk about maybe any changes you're seeing competitively with Microsoft? And could you elaborate maybe on why customers are better off using an independent platform like Okta and Auth0?

Jacques Frederic Kerrest *Okta, Inc. - Co-Founder, Executive Vice Chairperson & COO*

Yes, absolutely. Happy to talk about that a little bit. So I think that we were -- as you've seen in the results, the business continues to go very well. And we're very fortunate things across the board, whether it's in workforce or customer identity and access management. We continue to execute and make a lot of these customers successful.

And I just would like to point out really quickly that we always like to put out go-live press releases. It's not just about acquiring new customers. It's about these customers getting live and successful. We put out one in particular today around Crate and Barrel going live in the retail industry with a centralized customer identity and access management solution for both in-person and on the web. And I think that's just a sign of, as Eugenio just said, across every industry, even the most challenged ones in retail, they have to move forward

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with technology. And they have to find new and better ways.

Digital transformation is the most overused term in the industry. But what it really means is they just need to find new and better ways to interact with their customers, partners, vendors, suppliers. We continue to see that go very well, and I think the results speak for themselves.

When it comes to the competitive dynamics, nothing has really changed. I think that 5, 10, 15 years ago, you had companies who were very homogeneous when it came to their environments. And they -- you were a Microsoft shop or an Oracle shop or an IBM shop or an SAP shop. I mean I think if you look, there's over 7,000 pieces of technology that are now pre-integrated into the Okta Identity Cloud. And I speak with customers and prospects every day. I think every day, there are fewer and fewer folks who are saying to themselves, "I really want to focus all my eggs in one basket and go with one vendor."

That's why I think the independence and neutrality that we provide has done so well. And I think the same is very true for Auth0. If you see about how they build up their service, how they thought about really being open, integrated to everything, it's highly extensible, highly customizable. I think that's the way forward in the future. Everyone thinks about best of breed, but people are really implementing it. And I think that that's going to portend very well for us in the future.

Finally, I would just say that Office 365 continues to do very well, and we continue to be the #1 identity provider for Office 365 for the largest companies in the world. So when you look at some of the biggest deployments around the world, when you think about the Global 100, the Global 500, as they deploy Office 365, you got to remember, Office 365 is its own beast. And they don't really care, the Office 365, what underlying identity provider there is. We do very, very well. We get these customers up and running much more quickly, effectively and efficiently than anyone else. And I think again, that just portends well for our future prospects.

Dave Gennarelli *Okta, Inc. - VP of IR*

All right. Let's go to Matt Hedberg at RBC. Matt?

Matthew George Hedberg *RBC Capital Markets, Research Division - Analyst*

I know in the past, Bill, you've talked about, I think, 11% of your customers are in impacted verticals. Just wondering how they performed in the quarter and sort of what's embedded into the guide. And I guess for Mike as well on how those impacted verticals perhaps recover with the vaccines.

William E. Losch *Okta, Inc. - CFO*

Yes. Thanks, Matt. So we've talked about the impacted industries. They continue to be about 11% of our annual contract value. So that stayed pretty consistent. As we said throughout the year, as we got deeper into the year, the headwinds that we thought were going to impact some of those companies did to a certain extent, but not nearly as much as we had anticipated as it relates to our business. Obviously, we believe, and it's demonstrated by that, that identity is still very much an essential strategic need for those companies.

I do think that in particular, an example of that is, as Todd talked about earlier, a new customer Alaskan Airline. Obviously an impacted industry but a good example of a company that saw identity as very strategic and therefore wanted to do a project with us.

As far as how we've thought about the guidance for the year, as I said earlier, we're cautiously optimistic about the macro. We still think there's still some uncertainty out there, especially with those impacted industries, but that has been considered in the guidance that we gave today.

Matthew George Hedberg *RBC Capital Markets, Research Division - Analyst*

That's great. And then maybe just a quick follow-up. Obviously, Susan St. Ledger is -- she now owns the number this year. Can you talk about sort of, I guess with Auth0 coming in, sort of the impact that she might have as you sort of shape the trajectory this year? And any sort of changes that she might bring to Okta or the combined company now?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. We're very excited about that. I'm glad you brought that up, Matt. We've known Susan for a long time. Obviously, our histories go back to Salesforce.com days over a decade ago, and she's phenomenal. We tried to get her to join the company a number of times, and I'm glad that we are finally successful in doing so. I think her success speaks for itself, right?

What she was able to do at Splunk over the last 4 years, we would take that in a heartbeat. I think you saw a great expansion development of the go-to-market organization, not only named accounts, global accounts. She had a huge impact there.

But also you got to remember where we are in the development of our company. I mean it is early days, and we are just starting to go from different products to having a platform motion, going from workforce over to customer identity management. Obviously, now with Auth0 joining our team, there's going to be a lot more opportunity there.

And so when I talk to Susan, which I have -- I've been fortunate to work with her a lot over the years but in particular since she's joined us over the last month, you just see that strategic thought process about yes, it's about products but it's about platform. It's about longer-term relationship with the customer. I brought her on a number of existing large customer and prospect visits. And you can just see the different dynamics that she's bringing in terms of leadership, in terms of approach and in terms of relationships, right? She's been there at such a scale.

I think it's going to be great. I've already learned a ton working with her in just a short month, and I think it's going to be great for our go-to-market organization and then overall, right? I think that partnership -- people forget, but the partnership between go-to-market and product and engineering and how that works together back and forth as a synergy, I mean that is so important to how companies can really grow. And she brings that in spades. So yes, I'm -- we're very excited about it. It's going to be great.

Dave Gennarelli *Okta, Inc. - VP of IR*

Thanks, Matt. All right. We're going to go to Patrick , Deutsche bank.

Patrick Edwin Ronald Colville *Deutsche Bank AG, Research Division - Research Analyst*

It's good to be on the call. And I also have to say. congrats on the Auth0 deal. I mean that's a really, really great company. Can I ask -- sorry, I don't want to flog a dead horse, but about the guidance, fiscal '22 guidance. So billings growth in fiscal '21 was 44%. Fiscal '22 guidance is just under 30, right? That's -- just help me kind of bridge those 2, why the kind of forward-looking number isn't translating into what you're expecting for the guidance. Or is it just a bit of conservatism because it's early days?

William E. Losch *Okta, Inc. - CFO*

Yes. Thanks, Patrick. I think that there's a few things. Certainly, as I said earlier, we do tend to be conservative at the beginning of the year. That's pretty historically what we've done. We think that's prudent given that it's early in the year. We do think that there's a lot of demand for the product. We feel very good about the business. There's still a little bit of macro uncertainty because of the pandemic, but we're cautiously optimistic there. So when we think about what the guidance should be, we forecast based on that.

As I mentioned, we do also believe that our current RPO is going to outpace the growth of revenue. So obviously, we feel like there's a bit of bookings acceleration that we're going to see this year. And that's reflected in the guidance also.

I think that the other thing to take into consideration is that early in the pandemic, like a lot of companies, we scaled back our investments. We recalibrated. And I think that as a result of that, we probably in hindsight -- because the pandemic was not as impactful as we thought it was going to be potentially, although we outperformed and are very pleased with our performance, it's possible we could have done even better. And because we're a subscription model, as you know, that's going to weigh on this year's revenues a bit because revenues is really a lagging indicator.

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So I think it's all of that. But I think predominantly, what I would focus on is the fact that we do believe current RPO is going to grow faster than revenue, which is a sign of how strong our demand is for our product and how strong we feel the business is. And also, it's early in the year, and we think being prudent with our guidance is the right course.

Patrick Edwin Ronald Colville *Deutsche Bank AG, Research Division - Research Analyst*

Okay. Understood. And can I ask about the competitive environment in customer identity? I mean who is it that you guys feel you come up against most in bake-offs? And do Azure AD B2C feature in that list?

Jacques Frederic Kerrest *Okta, Inc. - Co-Founder, Executive Vice Chairperson & COO*

Yes, absolutely, Patrick. I think we're very happy with the results we've seen. I think Auth0 has also built a phenomenal business. But as you know, even if you combine the 2, I mean we are just scratching the surface in a market that is -- I don't know if it's 20 or 30 or whatever billions of dollars. It's tens of billions of dollars are being spent. And the biggest competitor, frankly, is build your own.

So I think what you see is there's a noted shortage of developers today around the world. I've seen the numbers of up to 0.25 million shortage in North America alone. We're only printing 30,000 a year in our universities here, and I'm sure that the same analogy is true around the world. So if there was no growth in software, it would take 8 years to catch up. I think we all agree that software is going to continue to grow. And so these numbers are going to continue to grow.

And as Eugenio said so eloquently earlier, most companies are not going to get the total number of developers they need. So the easier we can make it as an organization to provide these customers with a very simple solution where they can take identity off the shelf and put it inside their applications, the same way they do for Twilio with messaging or Stripe for payments, the better off everyone is going to be.

Because obviously these are -- it gets trickier and trickier with identity. No one wants to be on the front page of the Wall Street Journal for all the wrong reasons. And it's also in the top line. It has to do with revenue. So you're talking about top line of business. People can't take a break on this. They have to move forward.

And so when you think about what our job is, our job, frankly, is just to make it easier and more available for more companies to take advantage of modern identity solutions for customer-facing opportunities. And so the competition there really is like we have to do a better job of letting everyone know how easy it is to do that, of getting it out there, of making more customers successful because that obviously feeds on itself and then finally convincing people as they -- and they're starting. You can see the numbers.

I mean they're starting to do that. These businesses are growing fast. People are starting to realize building it themselves and maintaining it and upgrading it and managing it is not the best way to go. So frankly, that's the biggest competitor when it comes to customer identity and access management. And that's why we think it is very early innings for this business and such a big opportunity ahead.

Dave Gennarelli *Okta, Inc. - VP of IR*

Next, we go to Hamza Fodderwala, Morgan Stanley.

Hamza Fodderwala *Morgan Stanley, Research Division - Equity Analyst*

Best of luck, Bill, on your retirement. And congratulations, Eugenio, on the acquisition. Definitely enjoyed speaking with you a little while ago, and definitely a great cap to the story.

So I wanted to ask, Eugenio, just on your thought process of accepting a deal from Todd and the acquisition. Obviously, you were building a really strong ecosystem on your own. What do you think that Okta adds to Auth0 that will allow it to become that multibillion-dollar company that you see it becoming?

Eugenio Pace

Thank you, Hamza, and thank you for the kind words, and great to see you again. So look, the way I saw this, it's mainly at 2 different levels. There's the first level, which is the more -- maybe the foundational level, which to me was very important. It's what we have in common. And what we have in common, it's the vision. It's the opinion of the future, how we see this particular part of our industry evolve and the requirements.

So Todd talks about the cloud, the identity cloud. We don't use those terms. We use a different word for that. We use the term identity operating system. But when you kind of peel this on the surface and you go deeper, we're actually talking about the same thing.

And so common vision, common mission, common values, too. We have 3 core values. They have a few more. But when you -- again, when you remove the labels and go into the concepts, we're talking about the same things. We care about the customer. We care about the problem. We care about the team, the ecosystems that we are part of, the communities. We continuously innovate and invest in better technology for our customers. So those are the kind of the fundamentals. For me, those are required conditions. They are necessary conditions on execution. But then you pile on what makes us complementary and really great together.

So we mentioned a few things, right? 40% of our revenue is international. Maybe Okta is more concentrated in the U.S. We bring that perspective. We've been a remote company from our inception, which takes its own time to develop and foster and create a high-performing team that it's all distributed all over the world. They sell to IT. They appeal to the CIO, the CTO. We work with developers. They work in primarily in workforce. We are primarily on CIM. So it's almost like we are like the perfect complement of each other.

And so what makes this really compelling to me is that the vision and the ambition that we have for the future, it's a pretty big one, and it's a pretty big mission. And I can -- I could see it realized in 5 or 10 years on our own, or I can see it realized in a couple of years together. And so having the opportunity of seeing the -- what we could do in the industry together and what we could do for our customers together faster, it's really compelling.

And as you've all heard, this is an all-stock deal, which means that we are completely vested and committed to seeing this happening in the long run because this is an infinite game. It's not a -- there's no end to this game. It's a game where we're going to be around for a long, long time.

Dave Gennarelli *Okta, Inc. - VP of IR*

All right. We're going to go to Joshua Tilton at Berenberg.

Joshua Alexander Tilton *Joh. Berenberg, Gossler & Co. KG, Research Division - Associate Analyst*

I just wanted to start on the cross-sell opportunity. So I know you mentioned that a lot of customers already use Okta for workforce identity and Auth0 for customer identity. So when you look at just the existing customer base alone, how much opportunity is there to cross-sell the current workforce customers on Auth0's offerings? And then given that you view Auth0 as, I guess, complementary to your current customer identity solutions, should we assume that you're going to cross-sell your current customer identity customers on Auth0 as well?

Jacques Frederic Kerrest *Okta, Inc. - Co-Founder, Executive Vice Chairperson & COO*

Yes. Thanks, Joshua, for the question. Yes, absolutely. I mean there's a lot of opportunity. Obviously, we just announced the deal, so it hasn't closed. And so we haven't dug into joint customers and customer overlap beyond what's publicly available.

But yes, certainly, I think there's a big opportunity. We built a significant business when it comes to workforce identity and access management. Many of those customers that we work with are customer identity and access management customers of ours today. But many of them aren't. Some of them are Auth0 customers. Some are still in that, "How do I do this? Should I build my own? Should I buy something?" position. And I think that's going to be a big opportunity for us as well.

But certainly, when you think about where we are as a business, we're now -- we just crossed 10,000 customers, which is 3x what we had at IPO just 4 years ago, which is great. And I'm very excited about that. But it's still a drop in the bucket compared to all the potential accounts that are out there.

So there's still a lot of penetration opportunities with our existing products today stand-alone inside our existing customer base. Adding Auth0 to the team is definitely going to provide not only more customers that we can sell the rest of our products into but also more customers that we can continue to develop and build our relationship on. And then finally -- but again, that's just the existing universe of known Okta and Auth0 customers. The existing possibilities of all the prospects out there is order of magnitude bigger than joint customer bases.

So it's important to think about cross-sell. Certainly, there's going to be plenty of opportunity there. But I think that it's also about the opportunity to enhance the message, broaden the appeal and offer more and better solutions to customers and to the industry on how easily they can take identity, put it inside their applications initiatives, projects and really move forward with some of their most critical projects. So I think it's across the board, and yes, we're very excited about that.

Michael Kourey

If I may, I'd love to jump in here. I think that both Eugenio and Freddy did a terrific job delineating the clear synergies here. But if you look at the -- this is a growth story. If you look at the growth synergies, just put a fine point on it. There's a cross-sell of customers and prospects that we just talked about. There's the international penetration. The percent of international at Auth0 is more than 2x as a percent of revenues than ours is. So that's a significant driver of one of our core initiatives.

The products are complementary, as we've touched on. There are channel synergies. We actually have a very robust channel at this point, and that's going to be a tremendous opportunity once this closes, to bring Auth0 to our channel as well. So there's a big opportunity there. And then again even if you take, say, roughly 2x now with Auth0 and Okta on CIAM -- customer identity, that's a very small percentage of a $25 billion a year TAM for CIAM that is growing. So those are kind of the big 5, at least from the way I look at it coming in the door, and I get more excited.

Joshua Alexander Tilton *Joh. Berenberg, Gossler & Co. KG, Research Division - Associate Analyst*

That was very helpful. And I guess when you think about the developer angle that you guys kind of just acquired through Auth0, how would you think that would benefit the sales of some of your other offerings, such as Advanced Server Access?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. I think that's a really insightful question. We talk about CIAM and workforce as separate, but there's a lot of reasons why they can be better together, and you just highlighted one. So if you're using Okta or Auth0 for your customer login for your customer website or mobile app and then you use Advanced Server Access for the engineers that are logging into the infrastructure to then build that and then deploy that CIAM solution, it's better to have that from one player. That's better integrated. You better have better visibility into the threat data. That is consistent across all those, can keep you more protected. There's a really good compelling synergy there.

Dave Gennarelli *Okta, Inc. - VP of IR*

Great. Okay. We're running into overtime here, but we're going to take one more question from Matthew Parron at JPMorgan.

Matthew Melotto Parron *JPMorgan Chase & Co, Research Division - Analyst*

It's Matt on for Sterling Auty. I was wondering if you could talk about how do you plan on investing in both Okta and Auth0 going forward. The customer identity segment was growing faster, so I would think that you guys were investing heavily in that. How does this change the way that you guys invest in the core Okta business going forward?

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Yes. Mike mentioned that this is a growth story, growth accretive. This is a growth company. So we're investing. Like we're investing aggressively in both businesses. They're both growing quickly. And both platforms are going to be supported and maintained and invested in. And then over time, we will -- where we can get synergies on the R&D side in terms of sharing services or combining

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platforms in ways that make sense for customers and support the growth and support the value prop to customers, we'll do that.

But it's -- the good news is these markets are so big and the growth is so strong. We have a lot of opportunity to serve customer value and over time build one unified platform.

Dave Gennarelli *Okta, Inc. - VP of IR*

Okay. Well, thanks, everybody. And before you go, I just want to let you know that we're going to be attending 2 virtual conferences next week. We have the Truist Technology Conference on March 9 and then the Berenberg Security DevOps Conference on March 11. And as Mike mentioned, we'll be hosting our virtual Investor Day on April 7. That's in conjunction with Oktane21. And please be sure to register for that event ahead of time.

And that's it for today. Thanks for joining. And if you have any follow-up questions, you can reach us at investor@okta.com. Talk to you next quarter.

Todd McKinnon *Okta, Inc. - Co-Founder, Chairman & CEO*

Thank you, everybody.

Jacques Frederic Kerrest *Okta, Inc. - Co-Founder, Executive Vice Chairperson & COO*

Thanks, everybody.

William E. Losch *Okta, Inc. - CFO*

Thank you.