



okta

**INVESTOR
DAY FY21**

April 1, 2020

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, including but not limited to, statements regarding our financial outlook, product development, business strategy and plans and market trends, opportunities and positioning. 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 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 our control. For example, our business could be impacted by the COVID-19 pandemic and actions taken in response to it; the market for our products may develop more slowly than expected or than it has in the past; our operating results may fluctuate more than expected; there may be significant fluctuations in our results of operations and cash flows related to our revenue recognition or otherwise; a network or data security incident that allows unauthorized access to our network or data or our customers’ data could damage our reputation; we could experience interruptions or performance problems associated with our technology, including a service outage; we may not be able to pay off our convertible senior notes when due; and global economic conditions could deteriorate. Further information on potential factors that could affect our financial results is included in our most recent Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. The forward-looking statements included in this presentation represent our views only as of the date of this presentation and we assume no obligation and do not intend to update these forward-looking statements.

Any unreleased products, features or functionality referenced in this presentation are not currently available and may not be delivered on time or at all. Product roadmaps do not represent a commitment, obligation or promise to deliver any product, feature or functionality, and you should not rely on them to make your purchase decisions.

Agenda

Presenter	Topic	Time
Todd McKinnon CEO & Co-Founder	Market Landscape and Corporate Strategy	11:00
Frederic Kerrest EVC, COO & Co-Founder	Customer Fireside Chat with Dentsu Aegis Network	11:15
Diya Jolly Chief Product Officer	New Products and Product Strategy	11:25
Frederic Kerrest EVC, COO & Co-Founder	Customer Fireside Chat with Hewlett Packard Enterprise	11:50
Charles Race President, WW Field Operations	Customers and Go to Market	12:00
BREAK		12:20
Frederic Kerrest EVC, COO & Co-Founder	Partner Fireside Chat with Optiv	12:35
Bill Losch Chief Financial Officer	Financial Update	12:50
Q&A and Closing Comments	All Presenters	1:10 – 2:10

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INVESTOR DAY FY21

TODD MCKINNON, CEO



OKTA'S LONG-TERM ADVANTAGE

**Okta is the identity company
that stands for trust**

The most important things

1

HEALTH AND
SAFETY OF
EMPLOYEES +
COMMUNITY

2

SERVICE
RELIABILITY +
CUSTOMER
SUCCESS

3

ADAPT BY
BEING AGILE
AND FLEXIBLE

LM Lally, Mervyn
 Thu 12/20/20 9:28 PM
 Ryan Carlson; Frederic Kerrest; **Executive Summit**; Praveen Narang; David Ta

This message originated outside your organization.

Ryan,

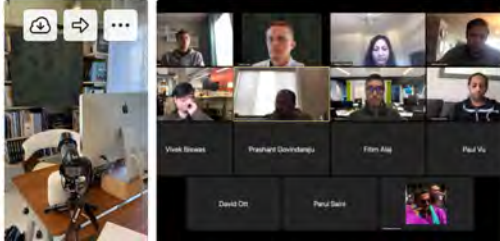
You guys set the bar. That was not easy. As a customer and a friend... I really appreciate your leadership. The impact work from home is going to take is daunting. We are pushing the majority of our 17000 people remote tomorrow. Our key enabler is Okta. I would love for you all to share how we manage this unprecedented demand?

As always thanks for being Okta and an enabler.

Merv

Sent from my iPhone

Sami Laine 12:10 PM
 Checking in from Okta Cupertino Executive Briefing Center
 2 files



11
 5 replies Last reply today at 1:23 PM


From: Jenna Symons
Date: Tuesday, March 17, 2020 at 2:47 PM
To: Erin Baudo Felter
Cc: Maggie Likić, Janet Ng, Jackie Tsai
Subject: n95 mask donation

Hi Erin,

It has come to my attention that we have about 500 left over n95 masks from the fires at 100 First. An employee reached out saying his wife works at Kaiser SF and they are really in need of supplies so we would like to donate our masks to them!

Please let us know if you need any additional information. Just wanted to keep you in the loop

Jenna Symons
 Director, Global Workplace Operations



Finally, I wanted to challenge everybody to get creative with your sales presentations, we have the opportunity to make it more engaging and concise. Think of your favorite YouTube videos, Netflix shows, etc. Write, script and edit with a story arc? What about a talk show format? Thought. This should all still be high quality, but I think we can create effort, let me know in the next 48 hours and we can brainstorm, pitch definitely has not preapproved this message.

From: Jenna Symons
Date: Tuesday, March 17, 2020 at 2:47 PM
To: Erin Baudo Felter
Cc: Maggie Likić, Janet Ng, Jackie Tsai
Subject: n95 mask donation

Hi Erin,

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Please let us know if you need any additional information. Just wanted to keep you in the loop

Jenna Symons
 Director, Global Workplace Operations



COMPANY VISION

**Enable any organization
to use any technology**

Global 2000 customers

 Adobe

 ACTELION

BROWN-FORMAN

 CardinalHealth

THE CLOROX COMPANY

 conEdison

McKesson

dentsu
AEGIS
network

 DIGITAL REALTY

Discovery
CHANNEL

dish

 DSM

ENGIE


HITACHI

 FIDELITY
NATIONAL FINANCIAL

flex

HALLIBURTON

IFF

 Jazz Pharmaceuticals

jetBlue

AMGEN

 LabCorp

 MATTEL

Nasdaq

News Corp

 MGM RESORTS
INTERNATIONAL

 MOTOROLA
SOLUTIONS

 Allergan

NORDSTROM

Public
Storage

PHILLIPS
66



servicenow

TimeWarner

Hertz

 TP
ICAP

 Verisk

VICINITY
CENTRES

WESTERN
UNION WU

workday

 ZURICH

FedEx

CARMAX

 Tyson

T-Mobile

Hewlett Packard
Enterprise

MOODY'S

 EMERSON

 experian

paloalto
NETWORKS

 AVERY
DENNISON

BROADCOM

 ALLIANCE
DATA SYSTEMS

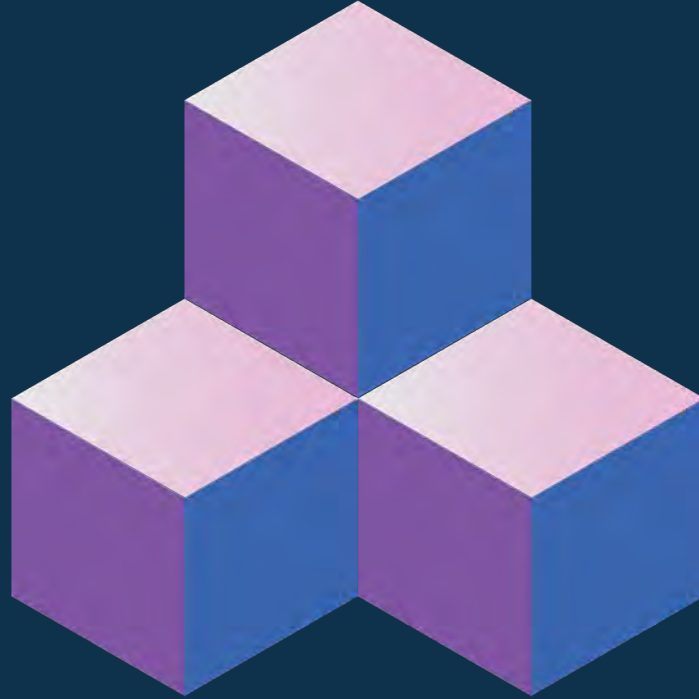
AECOM

 Takeda

Thousands of organizations depend on Okta



**Become the
identity standard**



**Build the
company**

Connect the network

**Leverage our
agility and flexibility
for the long-term
opportunity**

Modernize IT

REDUCE COSTS AND
DRIVE OPERATIONAL
EFFICIENCY

Deliver a secure, seamless customer experience

ACCELERATE BUSINESS
GROWTH, REVENUE,
AND PROFIT

Adopt a Zero Trust security model

REDUCE THE RISK
AND COST OF A
SECURITY INCIDENT

The new standard for identity





Okta Integration Network

Okta Identity Cloud



An independent and neutral platform for workforce identity

A scalable and secure customer identity platform

An identity centric approach to Zero Trust security

Customer Identity



Single Sign-On

Universal Directory

Advanced Server Access

Adaptive MFA

Lifecycle Mgmt.

Access Gateway

API Access Mgmt.

Developer

One App

Enterprise

Workforce Identity



Directories



Integrations



Insights



Identity Engine



Workflows



Devices

Products

Platform Services

Oktane20 Announcements



Directories



Integrations



Insights



Identity Engine

App-level Policies

Flexible Account
Recovery

Integration
Ecosystems



Workflows

Deeper Onboarding

More Flexible
Offboarding

Resolve Identity
Conflicts



Devices

Okta FastPass

Device Visibility

Remote Sign-Out

Device Context

Endpoint Security
Integrations

Limited Access

Okta TAM est. \$55B

**Workforce Identity
TAM**

\$30B

**Customer Identity
TAM**

\$25B

What you'll hear today

**Product
Strategy**

DIYA JOLLY

**Customer +
Partner
Success**

FREDERIC KERREST

**Go to
Market**

CHARLES RACE

**Financial
Model**

BILL LOSCH



Dominic Shine
Group CIO

dentsu



Frederic Kerrest
EVC, COO + Co-Founder

okta



WORKFORCE IDENTITY

Protect and enable
employees, contractors,
partners

INITIATIVES

- Move to the cloud
- Reduce IT friction
- Protect against data breaches
- Adopt a Zero Trust security model
- Improve M&A agility

PROJECTS

- SSO for employees/partners
- Accelerate cloud adoption
- Deploy MFA everywhere
- Automate on/off-boarding
- Enable self-service PW reset
- Adopt Office 365

PRODUCTS

- SSO
- Universal Directory
- Lifecycle management
- API Access Management
- Adaptive MFA

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INVESTOR DAY FY21

DIYA JOLLY, CHIEF PRODUCT OFFICER



GROWTH AT SCALE

**Enable any
organization to use
any technology**

PLATFORM

Open & extensible
Accessible for everyone
Secure & private



The Okta Identity Cloud

Platform Services



Directories



Integrations



Insights



Identity Engine



Workflows



Devices

Across every use case



Modernize IT

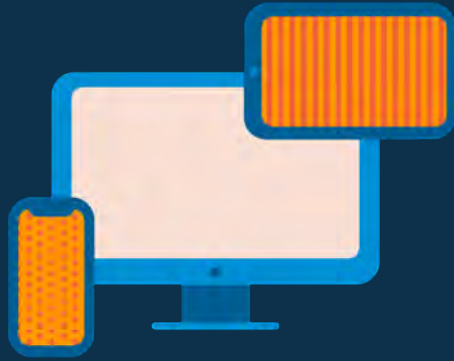


CIOs



IT Administrators

Deliver a seamless, secure customer experience



**Product
development**



**Marketing
organizations**

Adopt a Zero Trust approach



CISOs



Security Teams

Modernize IT



CIOs



IT Administrators

Managing complex organizations



Managing complex organizations



Managing complex organizations



Managing complex organizations



Managing complex organizations



The key to solving complexity

IDENTITY

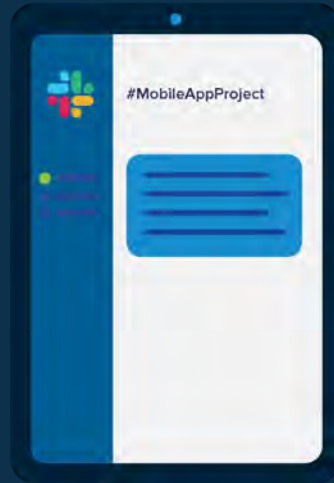
Okta Workflows



Automating Identity Lifecycle



Laura Chape
Contractor



Automating Identity Lifecycle

Namely 

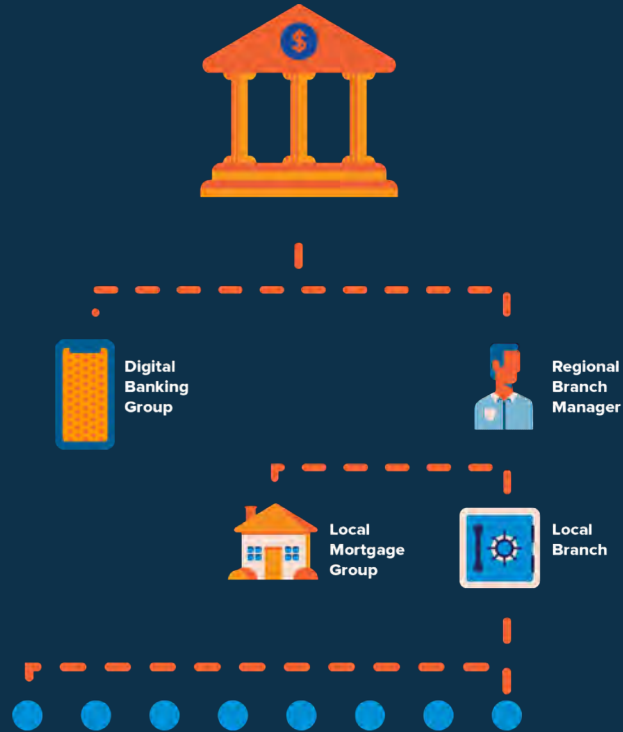
SAP SuccessFactors 

workday 

UltiPro[®]
— by ULTIMATE SOFTWARE —

bambooHR[™] 

Okta Directories



Okta Directories

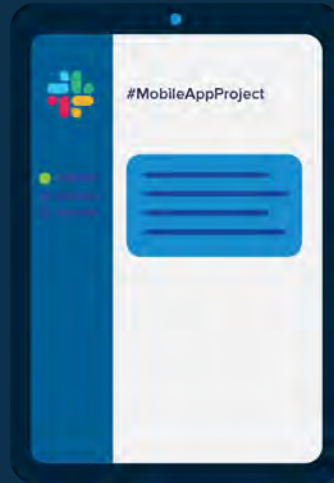


Automating Identity Lifecycle

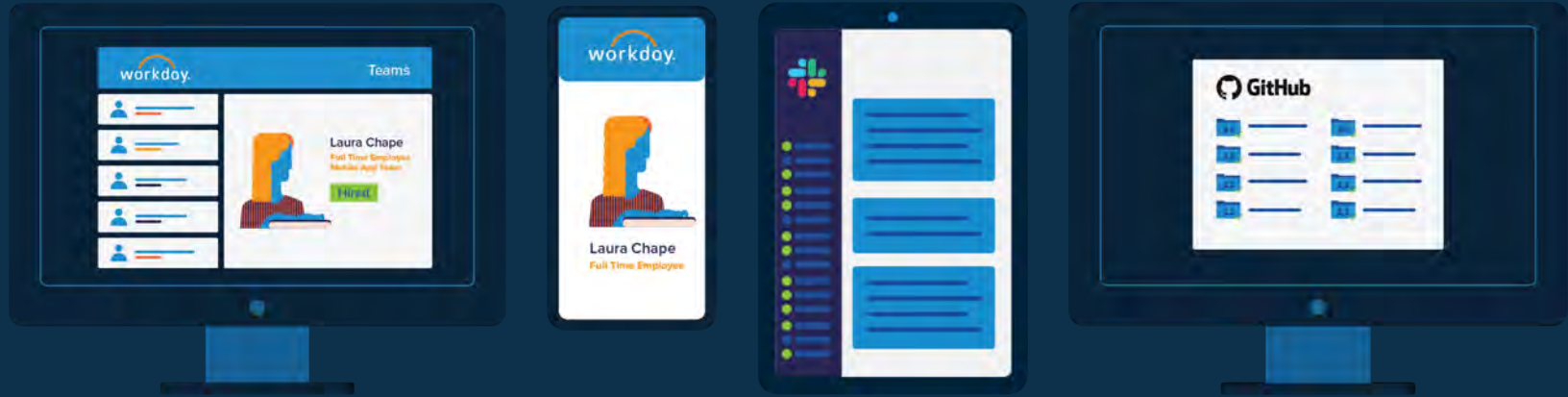


Laura Chape

Full Time Employee
Mobile App Team



Automating Identity Lifecycle



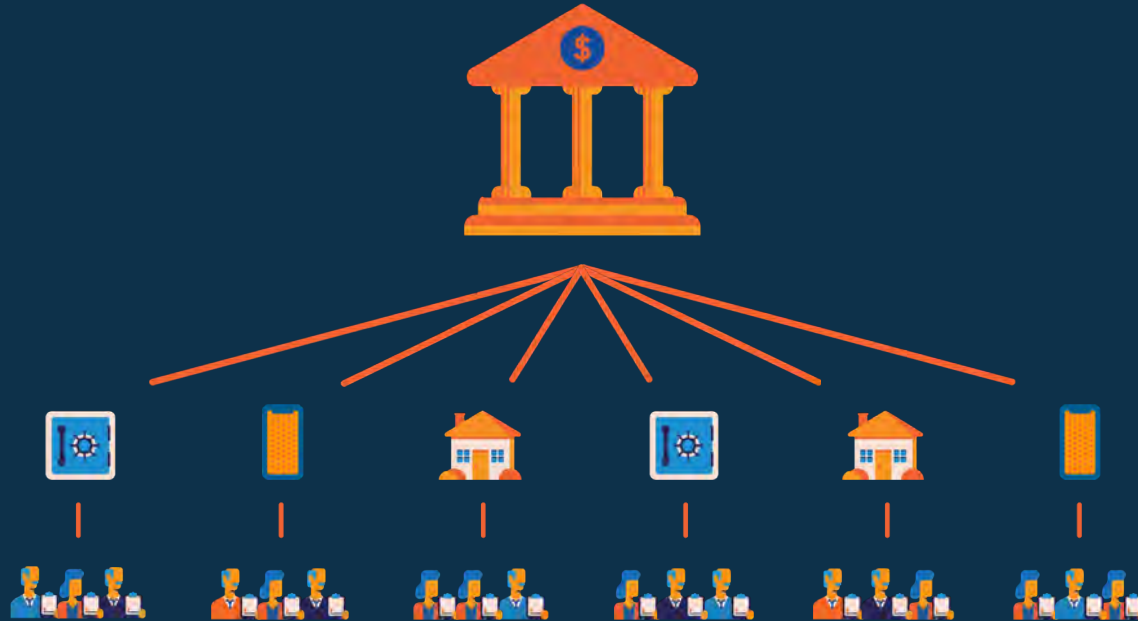
Okta Directories



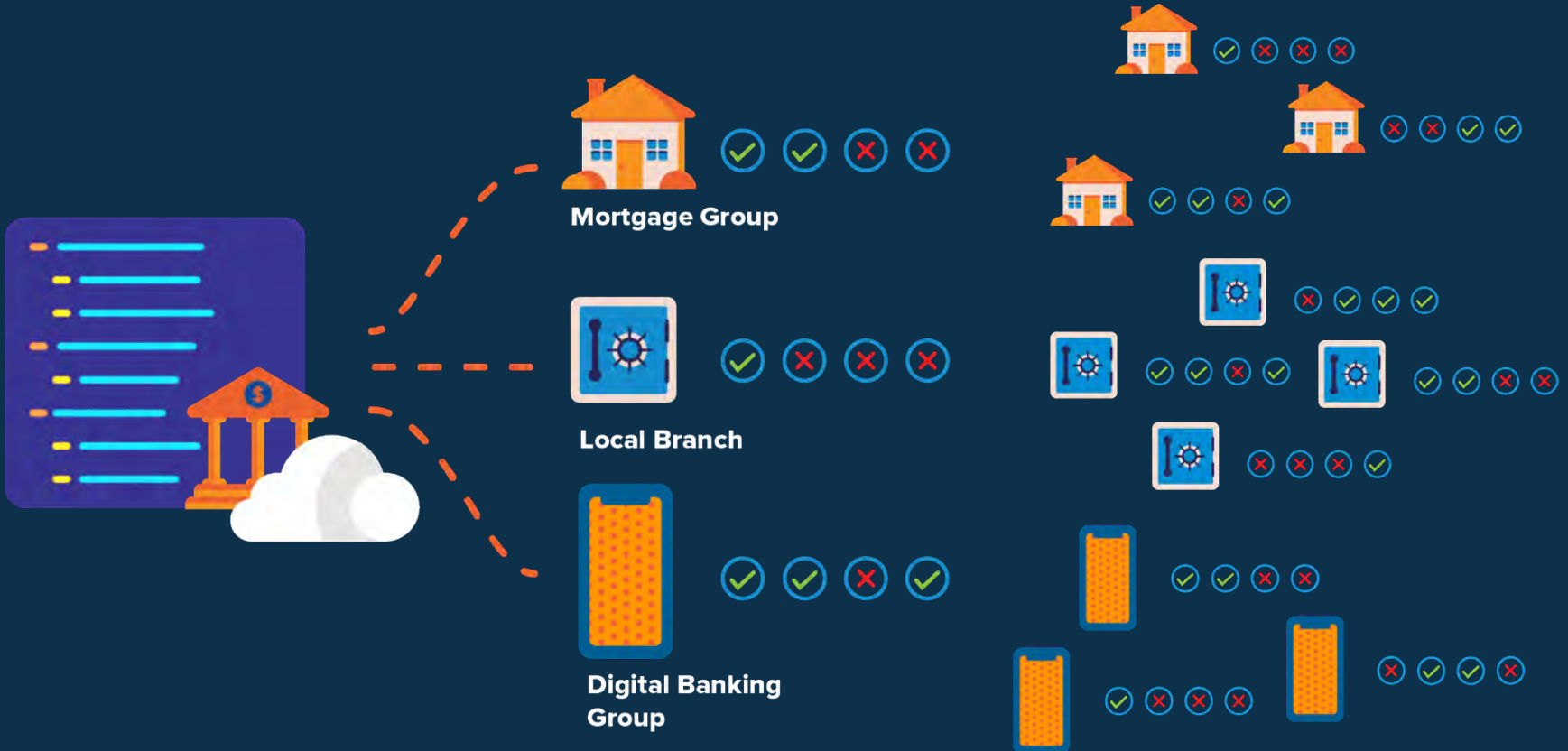
Advanced Server Access



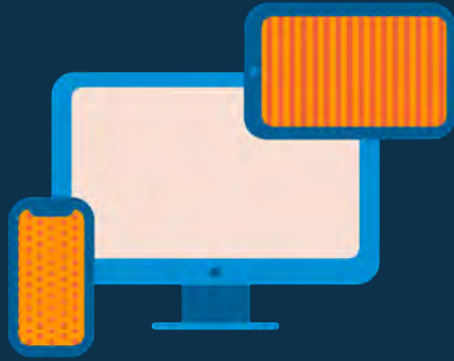
Decentralizing control



Public APIs



Deliver a seamless, secure customer experience



**Product
development**

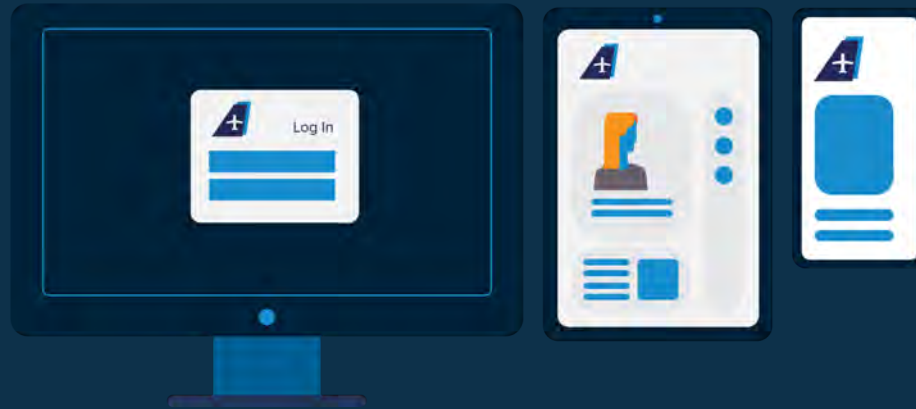


**Marketing
organizations**

Free up your scarce resources to innovate



Free up your scarce resources to innovate



Custom access experiences



Identify

Authorize

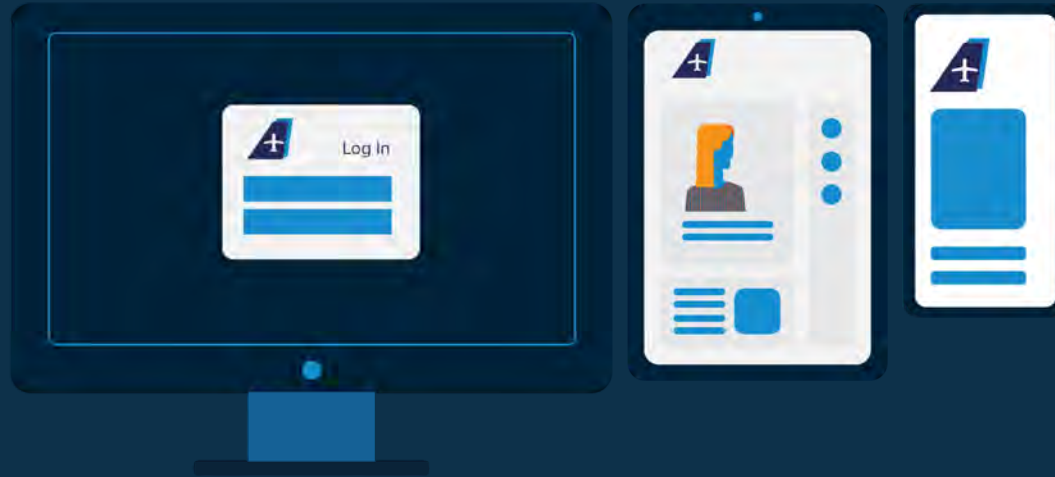
Enroll

Issue

Custom access experiences



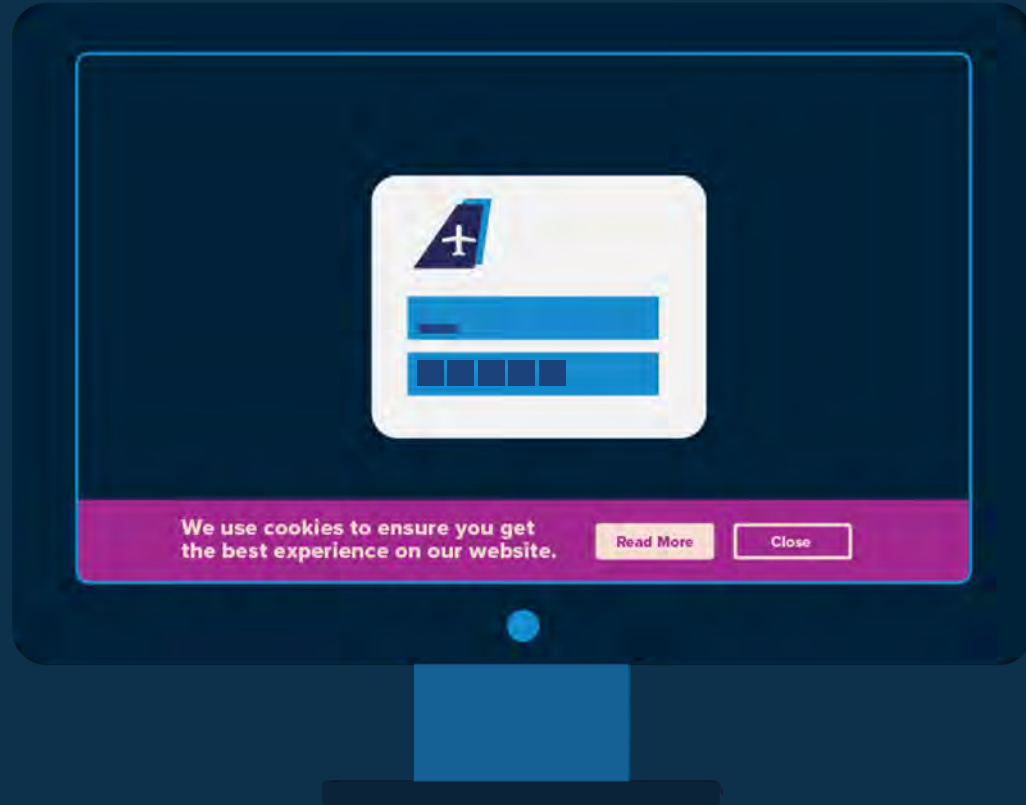
Custom access experiences



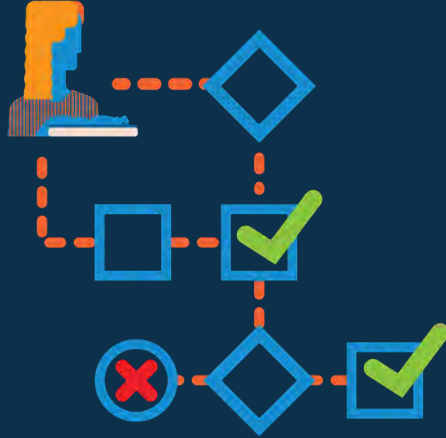
Custom access experiences



Privacy + consent



Privacy + consent



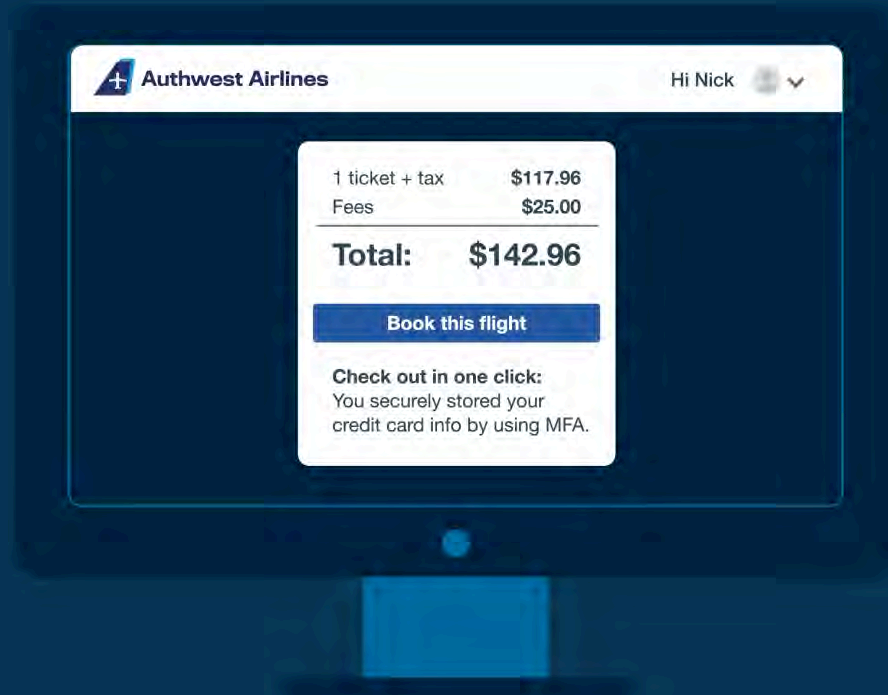
Privacy + consent

OKTA INTEGRATION NETWORK

DG | **DATAGRAIL**[®]

OneTrust
PRIVACY, SECURITY & TRUST

Privacy + consent



Deepening integrations



OKTA INTEGRATION NETWORK

Zero Trust approach to security



CISOs



Security Teams

End-to-end security



Contractor



**Health Insurance
company**



Customer

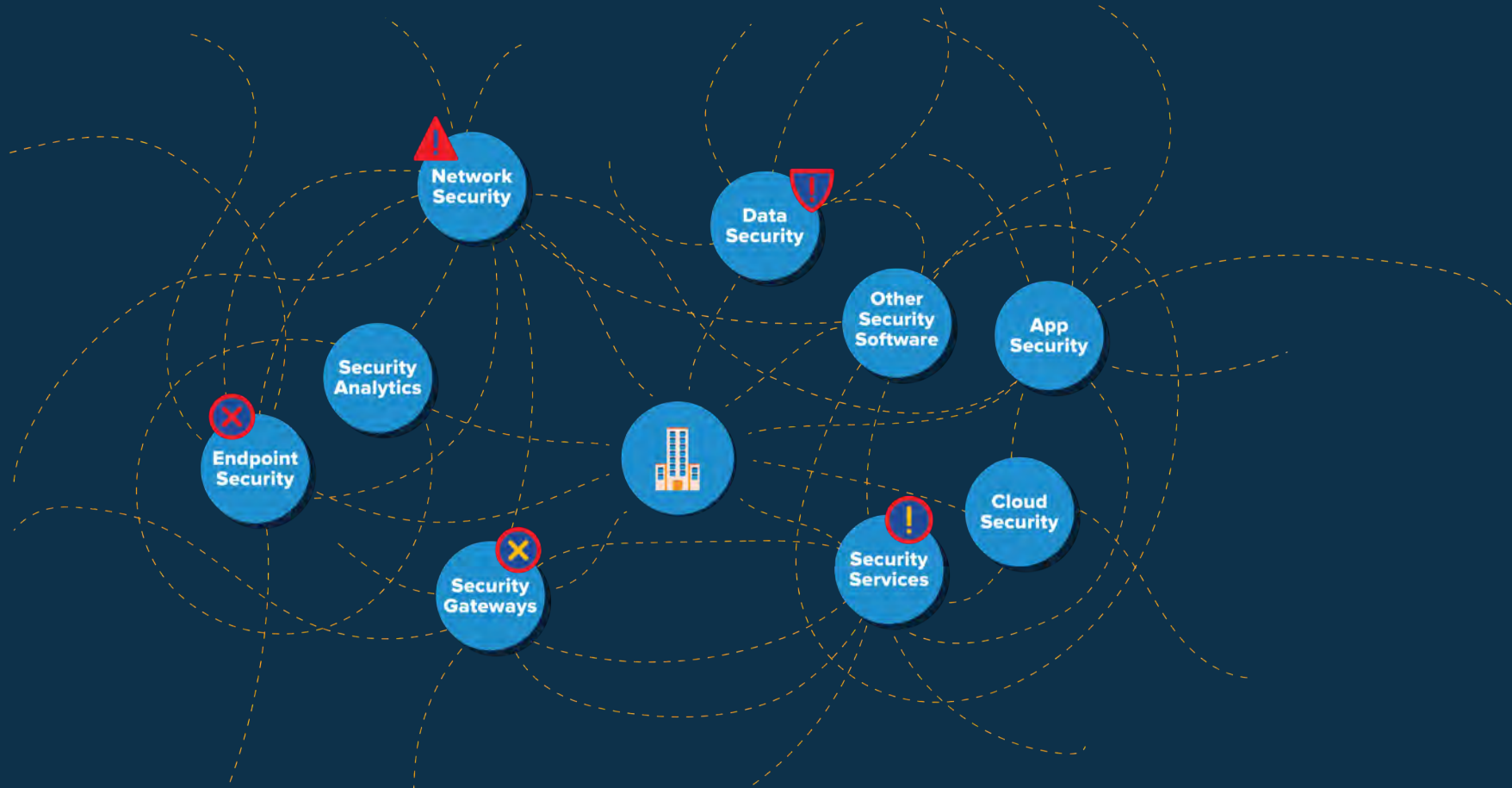


Pharmacist



Employees

Fragmented ecosystem



Identity is end-to-end



End-to-end security



**The right
people**



**Have the right
level of access**



**To the right
resources**



**In the right
context**



**That is continuously
assessed**

Okta Devices



Okta Devices Platform Service



Okta Devices Platform Service



**ASSESS
RISK**

**TAKE
ACTION**

Risk engine

vmware® Carbon Black

netskope

bitglass
Next-Gen CASB

McAfee



Google

slack



Risk engine

vmware® Carbon Black

netskope

bitglass
Next-Gen CASB

McAfee

salesforce

Google

slack



Session management



Automating Session Management



When this



If this



Do this



Do that

Address new use cases faster

Rapidly innovate

Enable others to build on Okta

**Enable any organization
to use any technology**





Satish Iyer
VP, Product + Strategy



Hewlett Packard
Enterprise



Frederic Kerrest
EVC, COO + Co-Founder

okta



CUSTOMER IDENTITY

Build seamless, secure
experiences

INITIATIVES

Modernize infrastructure
Cultivate user trust
Transform into a digital platform

PROJECTS

Integrate apps
Integrate enterprise identities
Build highly scalable apps
Protect against account
takeovers
Secure APIs

PRODUCTS

Authentication
Authorization
User Management
Adaptive MFA
Lifecycle Management
B2B Integration

okta

INVESTOR DAY FY21

CHARLES RACE
PRESIDENT,
WORLDWIDE FIELD OPERATIONS



GO-TO-MARKET UPDATE

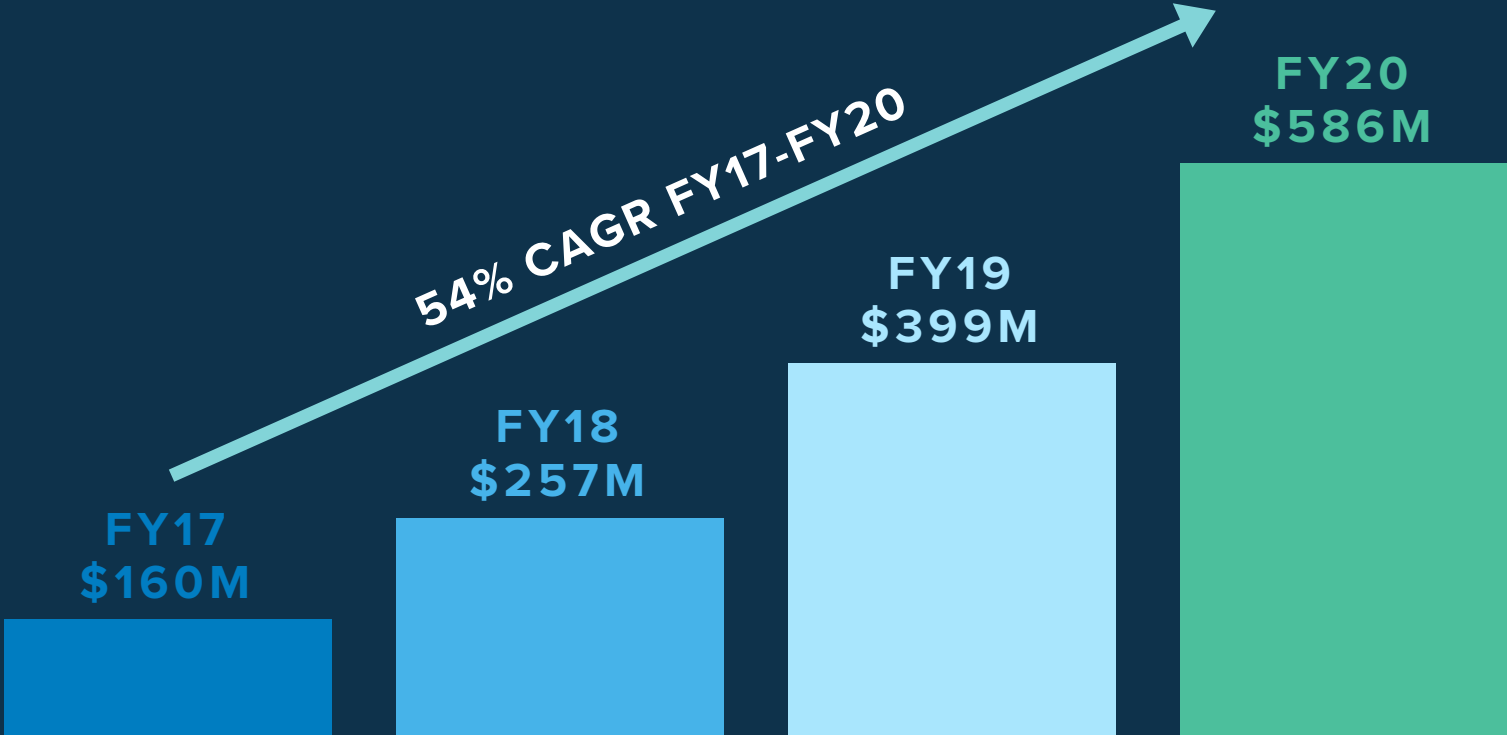
Why we win

**ATTACHED TO
3 SECULAR
TRENDS**

**PERVASIVENESS
OF IDENTITY**

**LONG TERM
VISION**

Strong revenue growth



FY21 go-to-market strategy

CUSTOMER RETENTION

NEW LOGO
ACQUISITION

LAND AND
EXPAND

PIPELINE
EFFICIENCY

INTERNATIONAL
GROWTH

PRODUCTIVITY

New logo acquisition through Customer Identity

Strong Customer Identity momentum in FY20



Customer Identity tailwinds



**DIGITAL
TRANSFORMATION**



SECURITY



B2B



CCPA + GDPR

Land + expand through Okta Trust

What is Okta Trust?



SCALE



RELIABILITY



SECURITY



**Okta Access
Gateway**



**Okta Advanced
Server Access**

Okta Access Gateway



HITACHI

Okta Advanced Server Access

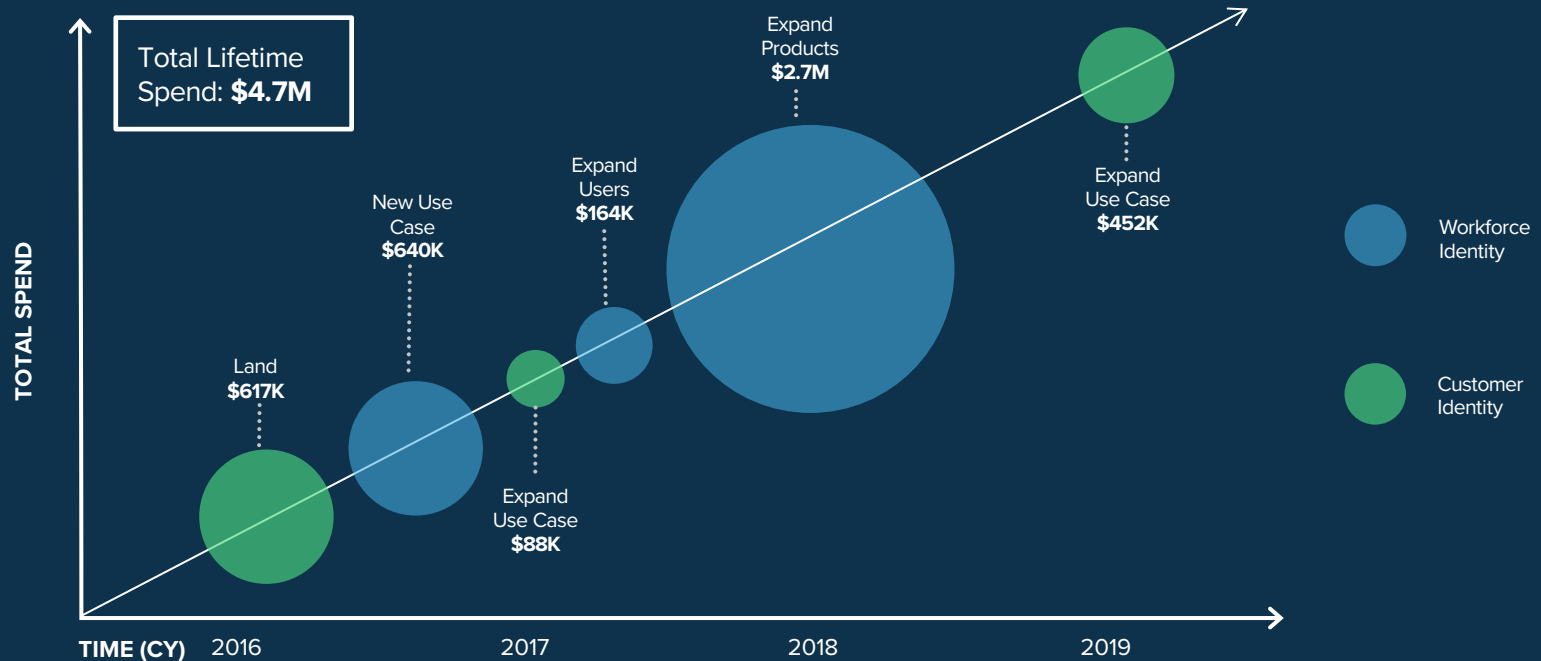


okta Global 2000

Over 20% penetration

Multiple landing points and expansion opportunities

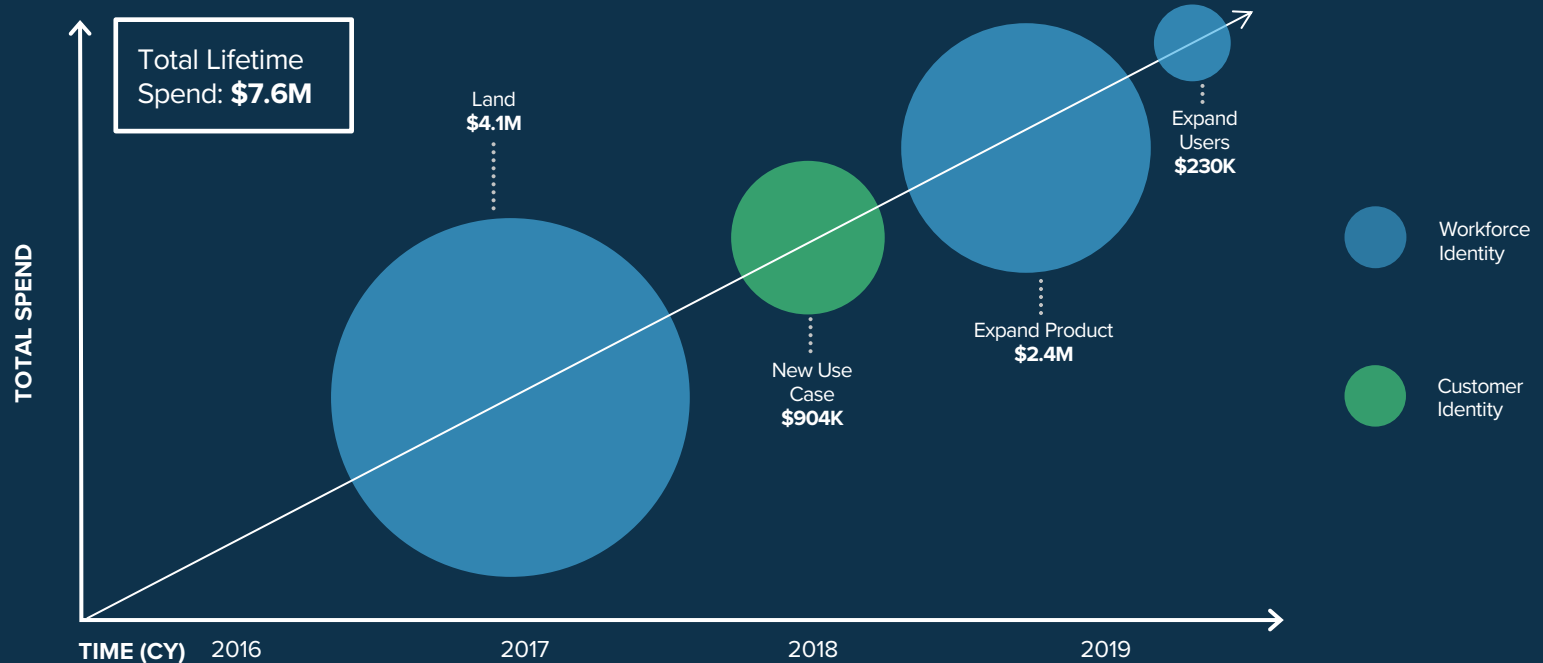
Case Study: Healthcare



Note: Circles indicate total contract value.

Multiple landing points and expansion opportunities

Case Study: Consulting



Note: Circles indicate total contract value.

Pipeline efficiency through partners

Partner strategy



**PARTNER SELLING
ACTIVITY**



**PARTNER LED
IMPLEMENTATION**



DISTRIBUTION

Geographic strength through partners

>1,000

**CHANNEL PARTNERS
WORLDWIDE**

International expansion

New and expanded international presence



New data center expands presence in APAC

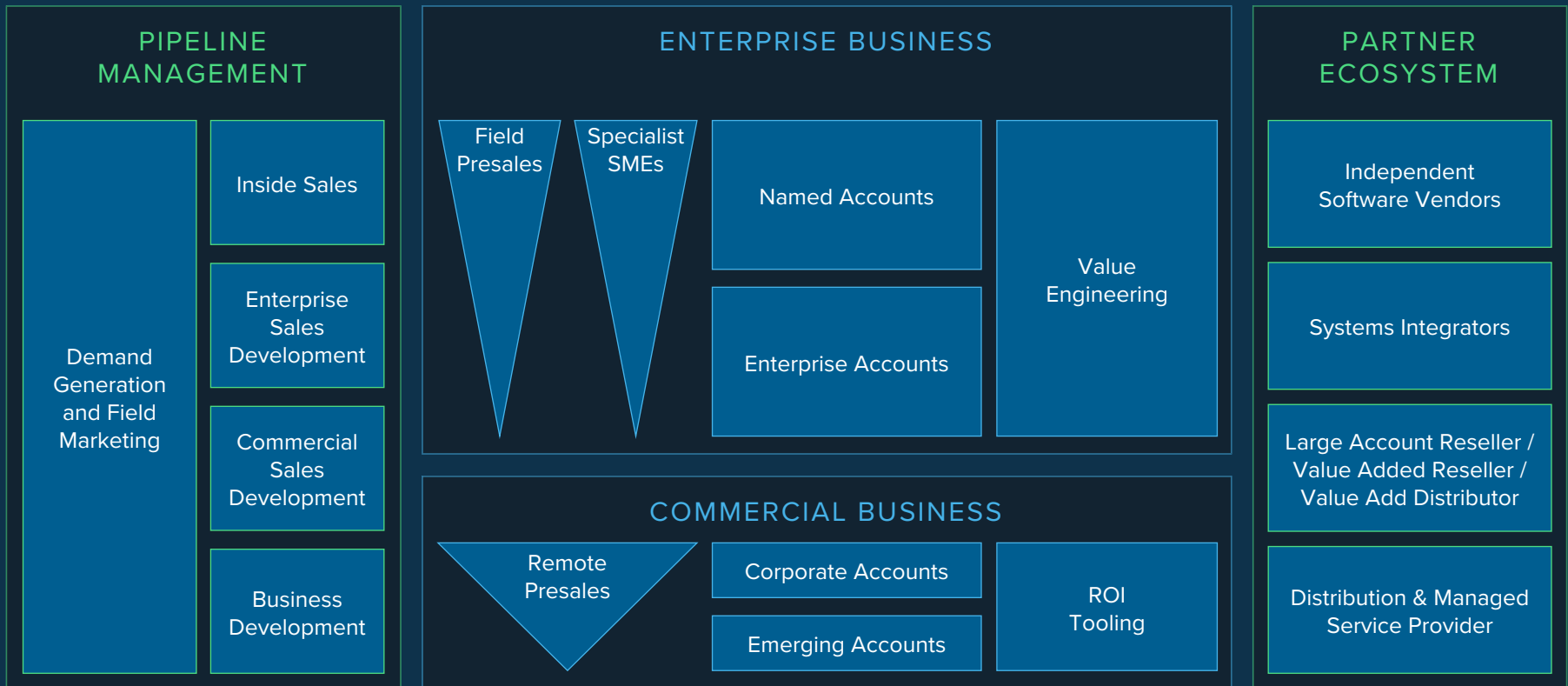


APAC
DATACENTER

okta + flex®

Productivity increase through segmentation

Go-to-market segmentation



Retention through adoption

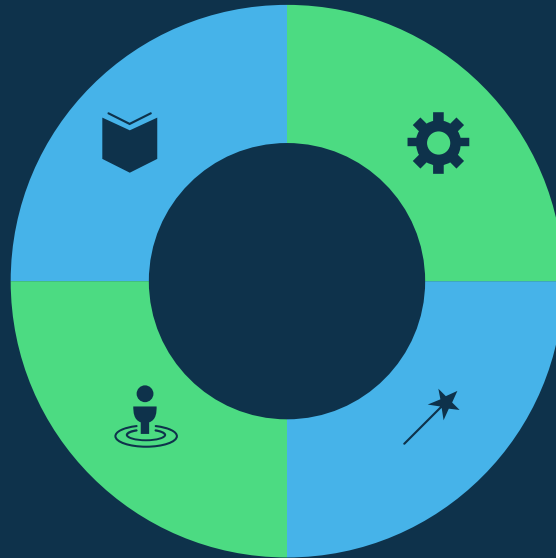
Our customer first playbook for customer success

LEARN

The confidence and skills customers need to successfully harness the power of Okta.

GROW

The strategic partners they need when it's time to expand and do more with Okta.



DEPLOY

The experience and expertise behind thousands of successful deployments.

ADOPT

The insights to ensure customers are maximizing their use of Okta and the support they need 24x7.

**Happy customers buy
more software**

FY21 go-to-market strategy

CUSTOMER RETENTION

NEW LOGO
ACQUISITION

LAND AND
EXPAND

PIPELINE
EFFICIENCY

INTERNATIONAL
GROWTH

PRODUCTIVITY

It's just the beginning



Todd Weber
Chief Technology Officer



Frederic Kerrest
EVC, COO + Co-Founder



PARTNER NETWORK

Pipeline efficiency
through partners

GLOBAL PARTNER OF THE YEAR

- Optiv Security is a leading global security solutions integrator and consecutive winner of Okta's Global Partner of the year
- Okta is able to leverage Optiv Security's broad customer relationships, implementation experience and technical expertise as it broadens its partner network

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INVESTOR DAY FY21

BILL LOSCH, CFO



FINANCIAL UPDATE

Key takeaways

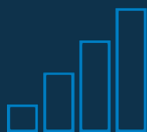
Strong
foundation
for growth

Large addressable
markets, with
multiple growth
vectors

Attractive
long-term
financial profile

**Strong foundation
for growth**

Strong foundation for growth



High growth
subscription
model



Multiple expansion
vectors and powerful
network effects



Positioned
for substantial
operating leverage

Strong foundation for growth

Executing at scale

54%

Revenue CAGR
from FY17-20

77%

FY20 total non-GAAP gross
margin up 980 bps vs. FY17¹

6%

FY20 FCF margin
up 3,970 bps vs. FY17¹

66%

Remaining performance
obligations y/y growth²

119%

TTM dollar based
net retention rate^{2,3}

1. See appendix for non-GAAP reconciliation.

2. At January 31, 2020.

3. TTM dollar-based net retention rate is calculated based on total ACV. See 10K for definition.

Fiscal 2021 Guidance

Reaffirmed revenue outlook and improved operating profit outlook

	Q1 FY21 – NEW (April 30, 2020)	Q1 FY21 - PREVIOUS (April 30, 2020)	Fiscal 2021 - NEW (January 31, 2021)	Fiscal 2021 - PREVIOUS (January 31, 2021)
Total revenue	No change	\$171M to \$173M	No change	\$770M to \$780M
Total revenue growth (y/y)	No change	37% to 38%	No change	31% to 33%
Non-GAAP operating loss¹	\$(23.2)M to \$(22.2)M	\$(33.2)M to \$(32.2)M	\$(49.0)M to \$(42.0)M	\$(65.0)M to \$(57.0)M
Non-GAAP net loss per share^{1,2}	\$(0.17) to \$(0.16)	\$(0.24) to \$(0.23)	\$(0.36) to \$(0.31)	\$(0.42) to \$(0.37)

1. Okta has not reconciled its expectations as to non-GAAP operating loss and non-GAAP net loss per share to their most directly comparable GAAP measure because certain items are out of Okta's control or cannot be reasonably predicted. Accordingly, a reconciliation for forward-looking non-GAAP operating loss and non-GAAP net loss per share is not available without unreasonable effort.

2. Assumes shares outstanding of approximately 123 million and 125 million for Q1 FY2021 and Fiscal 2021, respectively.

FY21 Guidance Considerations



Growth

- Longer sales cycles for enterprise
 - Delay in deals closing creates some near-term headwinds to RPO and billings growth
- Risks associated with highly impacted SMB companies
- Some new interest from companies, driven by need for rapid deployment of remote access capabilities



Profitability

- Reduced spend on sales and marketing
- Lower employee related costs
- Significant decrease in interest income related to lower interest rates

**Large addressable
markets, with multiple
growth vectors**

Large addressable markets, with multiple growth vectors

Okta global total addressable market of \$55B

**Workforce
Identity**

\$30B

**Customer
Identity**

\$25B

Large addressable markets, with multiple growth vectors

Okta global workforce identity TAM



Methodology: \$30B TAM based on over 50,000 U.S. businesses with more than 250 employees (per 2019 U.S. Bureau of Labor Statistics) multiplied by 12-month ARR assuming adoption of all our current products, which implies a market of \$15 billion domestically, then multiplied by two to account for international opportunity. \$18B TAM based on over 40,000 U.S. businesses with more than 250 employees (per 2014 U.S. census data), plus 4,500 U.S. degree-granting postsecondary institutions (per National Center for Education Statistics), then multiplied by Okta 12-month fiscal 2017 calculated billings per Okta customer assuming adoption of all our fiscal 2017 products, which implied a market of \$9 billion domestically, then multiplied by two to account for international opportunity.

Large addressable markets, with multiple growth vectors

Okta global customer identity TAM

\$25B

Based on 4.4 billion combined Facebook users and service employees worldwide multiplied by internal application usage and pricing assumptions.

Workforce and Customer Identity

Workforce Identity

77% of total ACV

41% y/y growth rate



okta Identity Cloud

Single sign-on



Universal directory



Adaptive MFA



API access management



Lifecycle management



Advanced server access



Access gateway



Customer Identity

23% of total ACV

68% y/y growth rate

Allocations and growth rates as of Q4 FY20.

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel



Making investments
in international
expansion

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel



Making investments
in international
expansion

Innovation creates powerful network effects

More integrations

Server



Applications



Devices



IaaS



APIs



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

Secure Infrastructure

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel



Making investments
in international
expansion

Landing and expanding in large enterprise

Strong progress with large enterprise customers
– ample room for growth

okta Global 2000

Over 20% penetration¹

~6x company average ACV²

1. As of Q4 FY20.

2. Annual Contract Value.

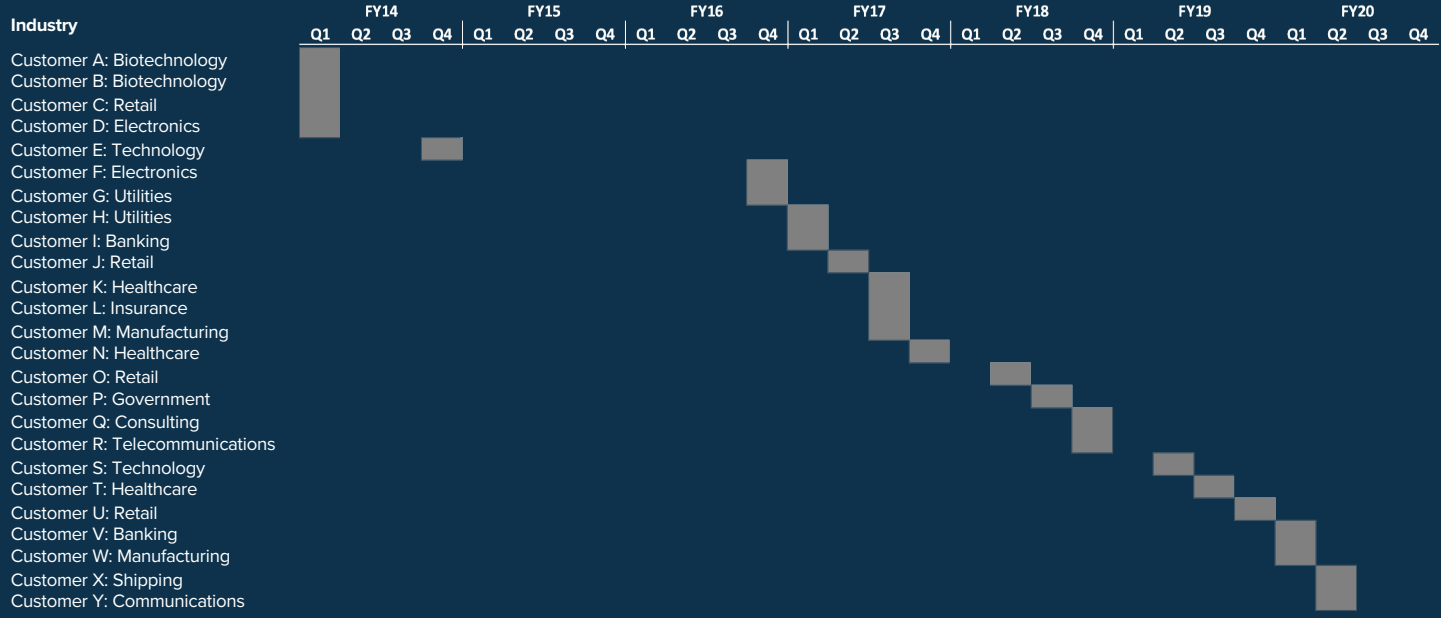
Landing and expanding in large enterprise

Customers with >\$500K ACV grew faster than > \$100K cohort

	FY19	FY20	Growth (y/y)
>\$500K Customers	153	243	59%
>\$100K Customers	1,038	1,467	41%

Landing and expanding in large enterprise

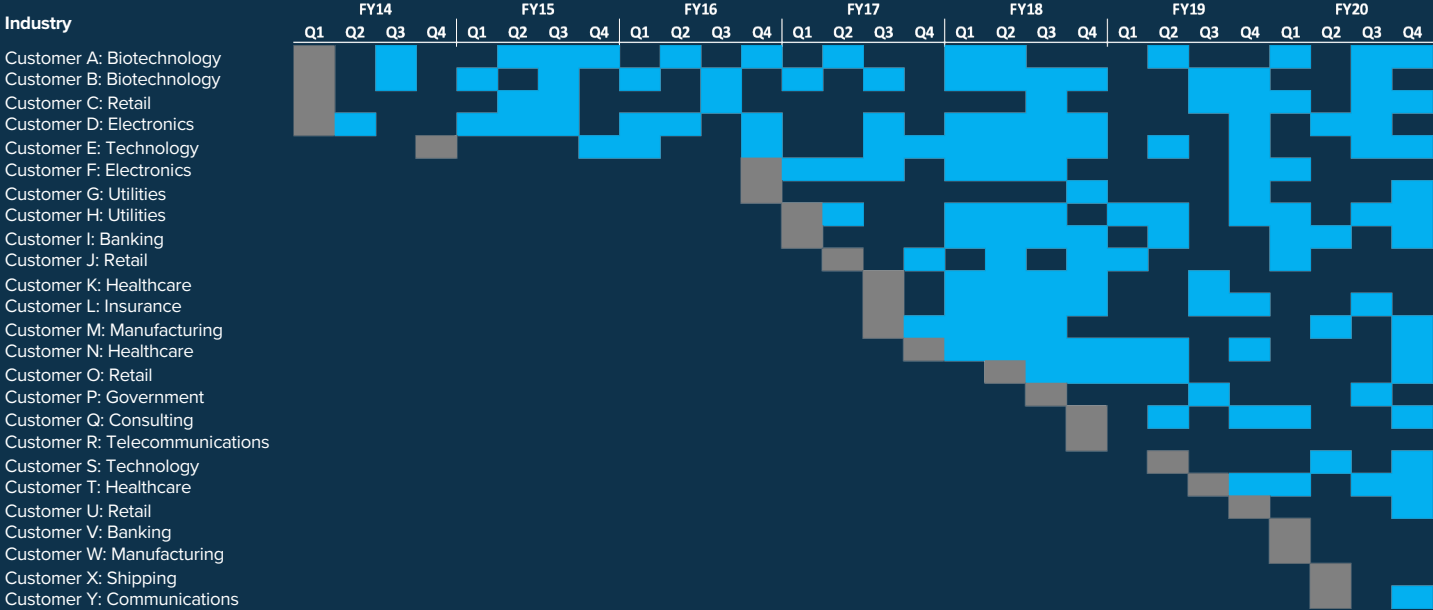
Top 25 customer journey



█ The grey cell indicates the quarter of initial purchase

Landing and expanding in large enterprise

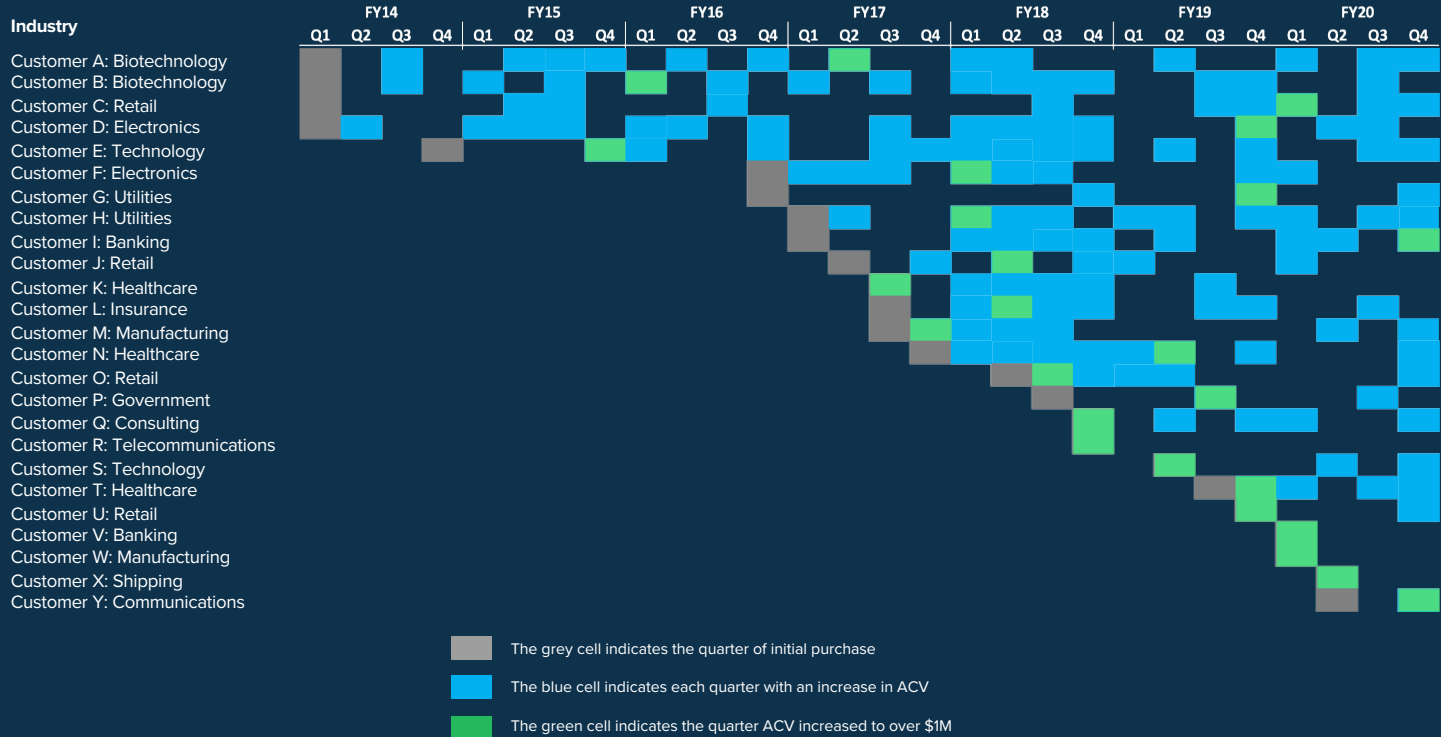
Top 25 customer journey



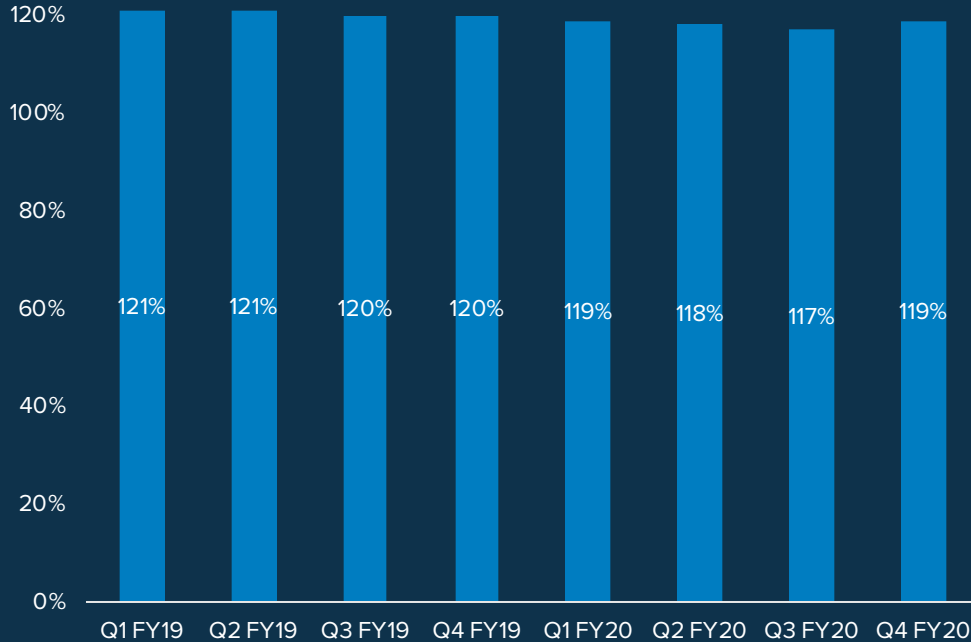
The grey cell indicates the quarter of initial purchase
 The blue cell indicates each quarter with an increase in ACV

Landing and expanding in large enterprise

Top 25 customer journey



Landing and expanding in large enterprise



Key Drivers

- Strong gross retention rates
- Strong upsell and expansion
- New product introductions

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel



Making investments
in international
expansion

Growing partner channel

Leveraging partners as we increase focus on enterprise customers

Efficiently expanding reach domestically
and internationally

Shifting of professional
services to partners

Business sourced and invoiced by resellers/partners

~15%

October 2018

>25%

April 2019

>33%

January 2020

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel



Making investments
in international
expansion

Making investments in international expansion

Investing for long-term growth

FY20

U.S.

84%

Revenue contribution

47%

Growth rate



International

16%

Revenue contribution

48%

Growth rate

Contribution rates based on total revenue; growth rates compare FY20 to FY19.

Making investments in international expansion

Investing for long-term growth

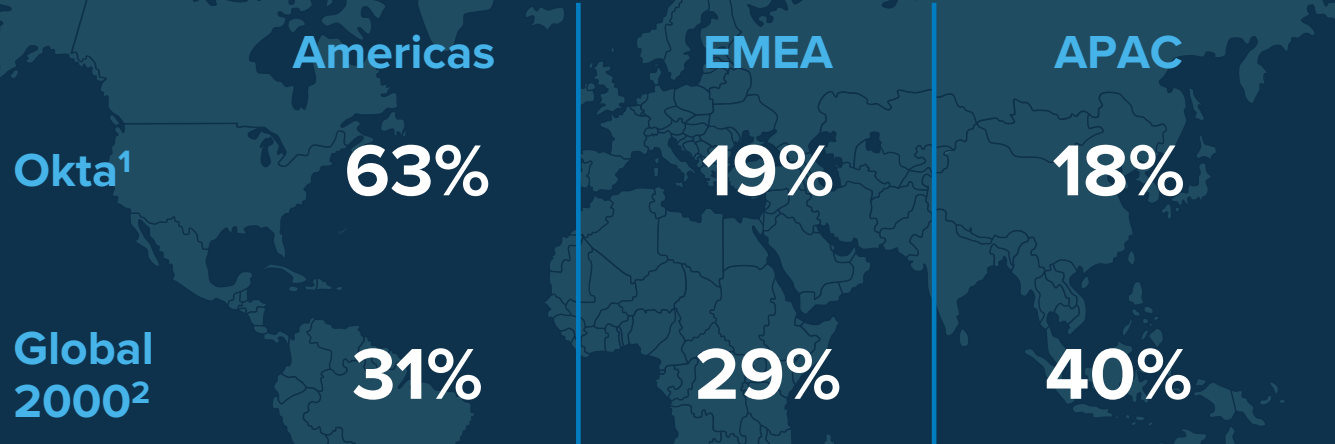
Target countries
that are experiencing
the same secular
tailwinds as the U.S.

Opening new, and
expanding existing
offices in strategic
markets

Expanding
infrastructure
footprint to support
international growth

Large opportunity with Global 2000

Location of Companies



(1) Based on Okta customers that are part of the Global 2000 at Jan. 31, 2020

(2) Fortune Magazine

Large addressable markets, with multiple growth vectors

Four primary growth drivers



Innovation in
platform and
network



Landing &
expanding in
large enterprise



Growing
partner
channel

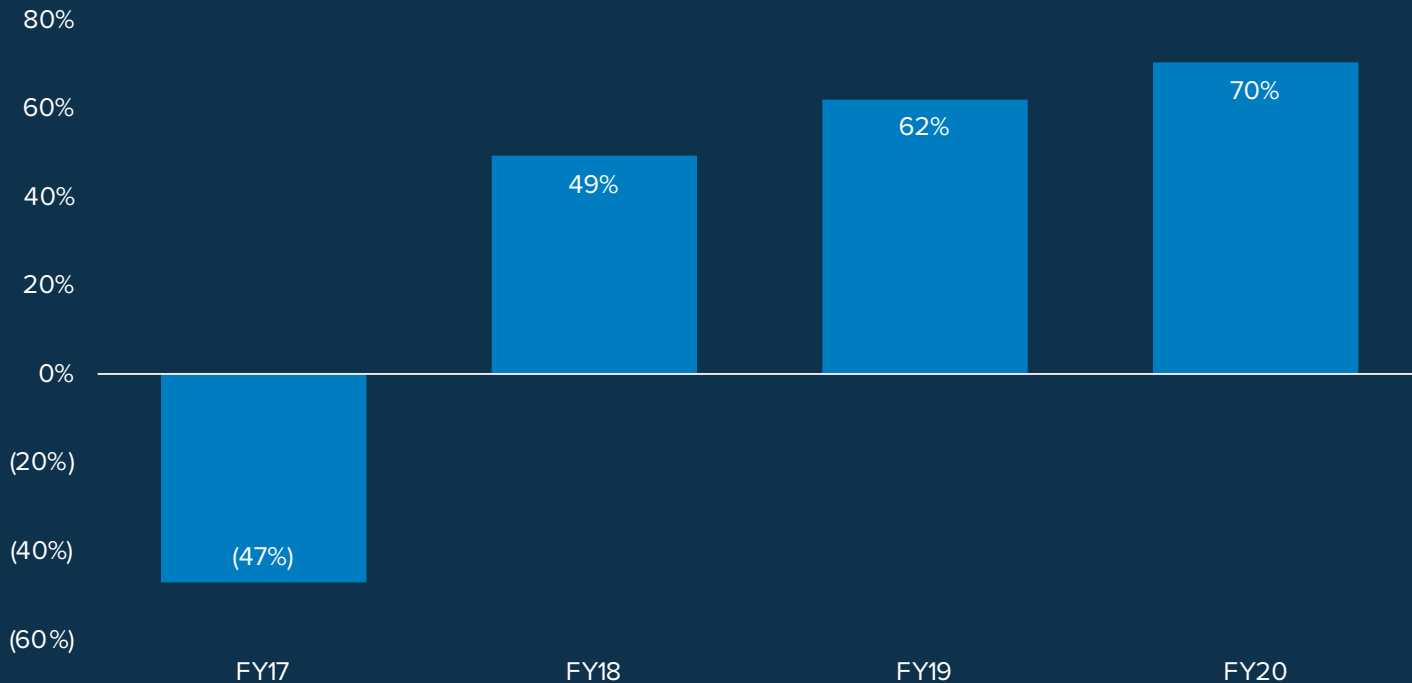


Making investments
in international
expansion

**Attractive long-term
financial profile**

Attractive long-term customer economics

Fiscal 2017 cohort analysis and contribution margin



Capital allocation priorities

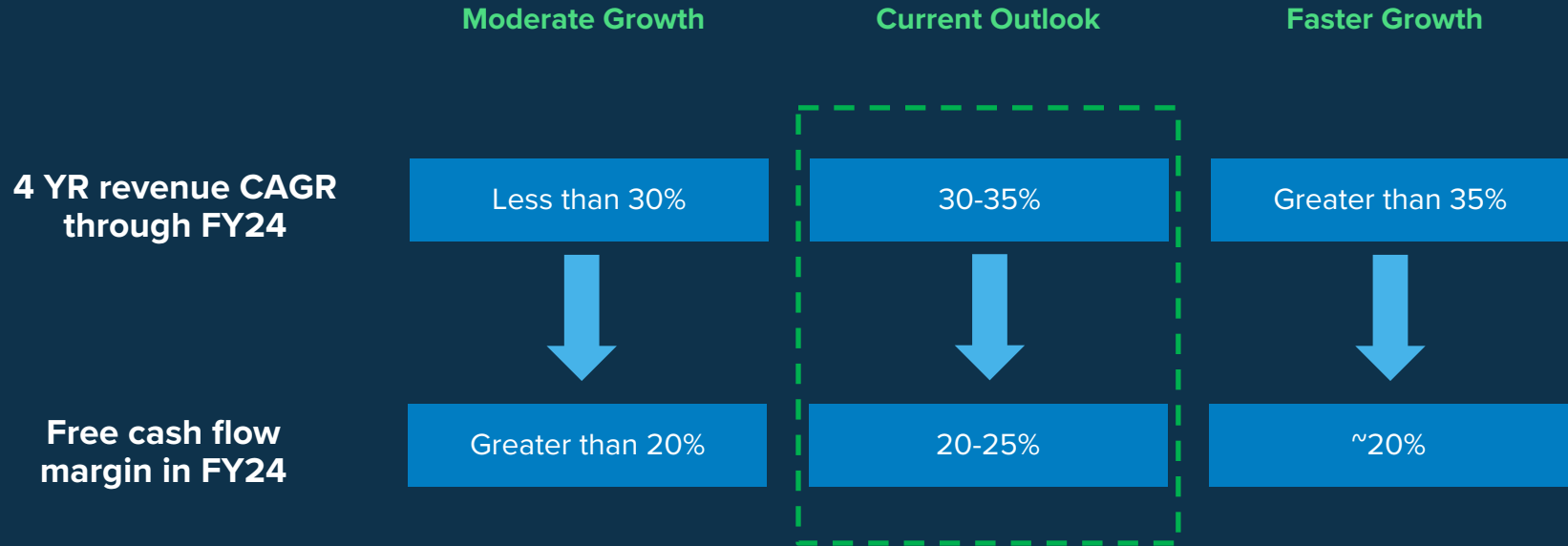
Maintain strong
balance sheet

(\$1.4B in cash and
equivalents at Jan. 31, 2020)

Investing into
the business to
extend market
leadership
organically and
inorganically

Long-term growth and profitability framework

Current Fiscal 2024 outlook reaffirmed



Okta has not reconciled its expectations as to free cash flow margin to its most directly comparable GAAP measure because certain items are out of Okta's control or cannot be reasonably predicted. Accordingly, a reconciliation for forward-looking free cash flow margin is not available without unreasonable effort.

Key takeaways

Strong
foundation
for growth

Large addressable
markets, with
multiple growth
vectors

Attractive
long-term
financial profile

Q&A



Todd McKinnon
Chief Executive Officer
+ Co-Founder



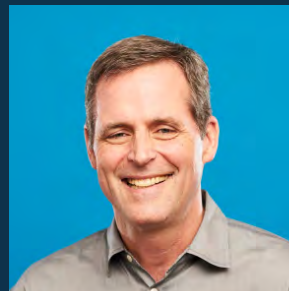
Frederic Kerrest
Executive Vice Chairman,
COO + Co-Founder



Charles Race
President, WWFO



Diya Jolly
Chief Product Officer



Bill Losch
Chief Financial Officer

Appendix

Statement regarding use of non-GAAP financial measures

This presentation contains certain non-GAAP financial measures and other metrics. This appendix contains our reconciliation of those non-GAAP measures and other financial metrics.

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, interest expense and other, net, net loss and net loss per share measures excludes stock-based compensation expense, charitable contributions, amortization of acquired intangibles, amortization of debt discount, acquisition-related expenses and loss on early extinguishment of debt, net of debt issuance costs.

We present current calculated billings as total revenue plus the change in current deferred revenue and less the change in current unbilled receivables during the period, and we present calculated billings as total revenue plus the change in deferred revenue and less the change in unbilled receivables during the period. Trailing 12-months calculated billings represent the sum of the last four quarters of calculated billings.

Free Cash Flow, which is a non-GAAP financial measure, is calculated as net cash provided by (used in) operating activities, less cash used for purchases of property and equipment, net of sales proceeds, 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 Net Retention Rate is based upon our Annual Contract Value, or ACV, which 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 Net 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 churn 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 Net Retention Rate.

We define acquisition-related expenses as costs associated with acquisitions, including transaction costs and other non-recurring incremental costs incurred.

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 that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by our management about which expenses 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.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. Please see the tables included in this presentation for the reconciliation of GAAP and non-GAAP results.

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."

GAAP to Non-GAAP Reconciliations

	FY17	FY18	FY19	FY20
GAAP total gross profit	104,857	175,792	285,833	426,685
Stock-based compensation	3,262	7,737	12,820	20,087
Amortization of acquired intangibles	190	4	832	5,488
Non-GAAP total gross profit	103,309	185,533	299,485	452,260
<i>Non-GAAP total gross margin</i>	<i>67.4%</i>	<i>71.5%</i>	<i>75.0%</i>	<i>77.2%</i>
Free cash flow and margin				
Net cash provided by (used in) operating activities	(42,101)	(25,240)	15,172	55,603
Less:				
Purchases of property and equipment	(6,253)	(6,550)	(19,811)	(15,442)
Capitalization of internal-use software costs	(5,489)	(5,431)	(2,851)	(3,888)
Proceeds from sales of property and equipment	—	—	740	—
Free cash flow	(53,843)	(37,221)	(6,750)	32,273
<i>Free cash flow margin</i>	<i>(33.5%)</i>	<i>(14.5%)</i>	<i>(1.7%)</i>	<i>6.2%</i>