Powering Identity for the Internet

An Interview with Frederic Kerrest, Executive Vice Chairman, Chief Operating Officer and Co-Founder, Okta

EDITORS' NOTE *In his current role, Frederic Kerrest is responsible for Okta's day-to-day operations, working with employees, partners, and customers to deliver on the company's vision of enabling any organization to use any technology. As a key member of management, he helps set corporate priorities to drive success for the company and its customers. He oversees corporate strategy, corporate development, strategic partnerships, and Okta's social impact*

Frederic Kerrest

arm, Okta for Good. Prior to Okta, Kerrest worked in sales and business development at Salesforce.com, and in venture capital at Hummer Winblad Venture Partners. He is the author of Zero to IPO, *a guide to building startups based on his own experiences and those of some of the world's most successful and recognizable entrepreneurs. The book was an outgrowth of his award-winning podcast of the same name, which features Silicon Valley founders, investors, and entrepreneurs sharing insights from their experiences building businesses. He serves on the Martin Trust Center for MIT Entrepreneurship Executive Advisory Board and advises early-stage software companies. He is also the Chairman and Co-Founder of System1 Biosciences, a neurotherapeutics company. Kerrest earned a BS in computer science from Stanford University, and an MBA in entrepreneurship and innovation from the MIT Sloan School of Management, where he was the 2008 MIT Patrick J. McGovern, Jr. Entrepreneurship Award recipient.*

COMPANY BRIEF *Okta (okta.com) is a leading independent identity provider. The Okta Identity Cloud enables organizations to securely connect the right people to the right technologies at the right time. With more than 7,000 pre-built integrations to applications and infrastructure providers, Okta provides simple and secure access to people and organizations everywhere, giving them the confidence to reach their full potential. More than 15,000 organizations, including JetBlue, Nordstrom, Siemens, Slack, Takeda, Teach for America, and Twilio, trust Okta to help protect the identities of their workforces and customers.*

What was the vision for creating Okta and how do you define its mission?

Okta's vision today is to provide identity and access software so everyone can safely use any technology. When I transitioned from the on-premises software world to Salesforce in 2002, I wasn't sure what was going to happen in the industry. As more companies adopted online CRM and started trusting the cloud enough to move sales information and data over, I became an evangelist. AWS started taking off in 2007 as I started at MIT Sloan, and when I went to work in venture capital in 2008, it was very clear there was going to be a need for software services in the future.

I started talking about business ideas with my cofounder, Todd McKinnon, the second semester of my second year in business school and we decided to go into business a month before I graduated. I wasn't sure about the original idea Todd had, which was about systems monitoring, was right and we ended up pivoting over to identity and access management. We could have never guessed how much and how quickly things were going to change in terms of transformation from on-premise software in proprietary data centers over to cloud technologies.

Will you provide an overview of Okta's business and what have been the keys to Okta's strength and leadership in the industry?

We bring simple and secure access to people and organizations everywhere. It is a customizable, secure, and drop-in solution to add authentication and authorization services to our clients' applications. Customers get scalable authentication built right into their application without the development overhead, security risks, and maintenance that come from building it themselves.

The key to our success is an unrelenting focus on customer experience; our number one value is "Love our Customers" and we think it's essential for achieving and maintaining leadership. The most important aspect of my job is meeting with our customers to discuss their opportunities and successes so that we can implement their feedback. Just recently, for example, Okta was the only vendor given a Customers' Choice distinction across every category evaluated in the Gartner Peer Insights Voice of the Customer for Access Management report which is based on customer reviews.

How did Okta adapt its business to address the challenges caused by the pandemic and how proud are you to see the resilience of your team during this unprecedented time?

Organizations worldwide have turned to technology to stay afloat during the challenges caused by the pandemic. Companies rushed to support remote working, enabling new online experiences to stay connected to employees and to transact with customers. Cutting-edge tech solutions, once considered only by "early adopters," became survival tools for firms of every size and industry and Okta was there to support customers with this shift.

Internally at Okta, the biggest changes have been in the way we show up for our employees and how we think about building our culture as a rapidly growing organization. Okta was piloting and transitioning to our flexible work framework, what we call Dynamic Work, prior to the pandemic. With Dynamic Work, employees have the choice to work from where and when they are most productive and successful. Employees are not required to spend a specific number of days in the office or with colleagues. Work schedules are flexible and based on employees' work preferences, who they need to collaborate with, and how they balance those commitments with their personal life. With Dynamic Work, employees have the tools and resources they need to get their work done and are provided with comparable benefits and experiences, regardless of where they are logging in from.

I'm incredibly proud of our team's foresight because when the pandemic hit, we were able to quickly accelerate this transition and move our operations fully remote without missing a beat, enabling us to be there for our customers every step of the way. We know that we've only scratched the surface of what it means to work dynamically and have so much opportunity to expand our footprint, reach incredible talent outside of the markets we have offices in and create a more diverse workforce – all things that make us a stronger company.

How critical is it for Okta to build a diverse and inclusive workforce to bring diverse perspectives and experiences to the table when making business decisions?

Diversity, Inclusion and Belonging is incredibly critical at Okta – it's just good business. We target three main areas: workforce,

workplace and marketplace. Our workforce bucket is focused on recruiting under-represented and diverse talent to create balanced teams at Okta. Our commitment to nurturing an inclusive workplace ensures that we are driving change within our organization. These efforts allow us to bring richer skills and experiences in designing and selling our products to a wider/larger marketplace.

What do you see as Okta's responsibility to the communities it serves and to being a force for good in society?

We all have a responsibility to give back. At Okta, we know our success is linked to our communities – businesses can't thrive unless our communities are thriving as well. That's why, since the early days of Okta, we've been intentional about building social impact into the DNA of the company. We took the 1% Pledge prior to going public and launched our social impact arm, Okta for Good. We empowered Okta's employees to give back to their communities as we've expanded around the world. We made Okta's technology accessible to nonprofits by donating our core products. And we deployed millions of dollars in grants over the last several years.

We also launched our ESG (environmental, social, governance) and sustainability program in 2020 to address growing expectations for corporate action. In a rapidly evolving world with complex and interconnected challenges – from COVID, to climate change, to rising inequality – we see expectations for action accelerating from all of our stakeholders.

Employees choose to work at companies based on an alignment with their values and purpose. Customers are asking us to help them meet their own ESG goals and investors want to understand our broader risks and opportunities beyond financials. To win in today's world, companies have to take a broader view and participate in driving positive change. This is something Todd and I believe very strongly.

What interested you in writing the book, _Zero to IPO_, and what are the key messages you wanted to convey in the book?

Zero to IPO is the entrepreneurship playbook I wish I would have had when I was starting out. By gathering advice and specific, tactical suggestions from other founders, I hope to share some of the wisdom that we've all learned the hard way. Too often in business, this kind of knowledge is only shared among a select few. It's the kind of thing that gets passed from person-to-person.

Yet, for a founder, it often makes the difference between success and failure. Entrepreneurship should be accessible to all and I hope the advice in my book's pages inspires and helps the next generation of founders.
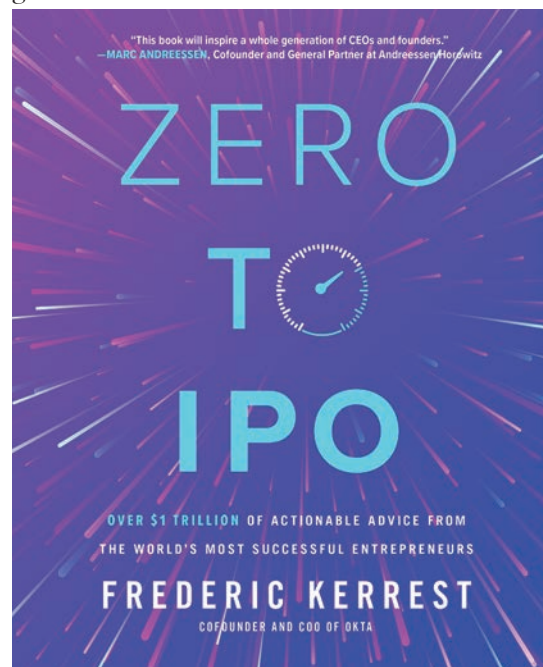
The book, which has become an instant _Wall Street Journal_ best seller, is full of great tactical advice from the world's most successful entrepreneurs, but there are three main principles I'd like to leave readers with:

1. Keep the main thing the main thing. That means there are a lot of things that will come at you and that will try to distract you; email is a very good example. Email is what other people want you to do, it is not what you should be doing. You need to make sure that you are focused on the most important things.

2. Nothing happens until somebody sells something. It's very easy as an entrepreneur to get distracted by product details or designing something perfect. Salesmanship is not something we're usually comfortable doing, but if no one buys your product, nothing's going to happen.

3. Time is your most precious resource so prioritize it ruthlessly and learn how to say no.

Did you always know that you had an entrepreneurial spirit and desire to start your own company?

I'd say so – I've always been interested in business and consider myself to be an entrepreneur since I was a kid. I started a can-recycling business when I was seven or eight years old and then in high school, a tennis racket restringing business. After graduating from college, I joined and helped build a technology system integrator software company in Argentina, Brazil, and Mexico.

I joined Salesforce when it was a company of just 100 people. I was there for five years and helped build five different businesses until the company had 3,500 people and it became too big. I then went back to business school with the specific intent of owning my financial education so I would be in a great position to start a new company when I graduated.

What do you see as the keys to effective leadership and how do you describe your management style?

Being a leader means constantly being thrown into the fire. You have to continually make decisions with only a fraction of the information you need. The fate of your company rests on how you choose to lead.

A great leader must give away power and responsibilities so the company can grow. They must deprioritize their own needs in favor of those of their employees. Most importantly, a good leader is one who is willing to learn how to listen – to colleagues, customers, investors, and mentors – so they can collect as much insight as possible to make those calls.

Personally, I use the Eisenhower Decision Matrix to help with my prioritization and decision-making and it has served me very well. I focus on what is important and urgent, delegate what is urgent but not important, schedule what is important but not urgent, and delete everything else.

As a manager, I believe my job is to hire great people, push as much information down in the organization as possible, give folks a lot of room to run and then help them with strategy or specific blockers to keep moving forward. I am not a micromanager because it's not healthy or helpful – or fun frankly – and you'll never scale if you can't build an amazing team around you.

Okta has achieved much success since its founding. Do you take moments to reflect and celebrate the wins or are you always looking to what is next?

We're proud of our team's accomplishments, and we take the time to celebrate when it's warranted. However, the next day, it's back to work and figuring out what we could have done better and how we can improve. ●