Pledge to Action

Case Study

Pledge1%

Okta's Equity Pledge Success Story

okta

Erin Baudo Felter, VP, Social Impact and Sustainability at Okta, describes how the technology company approached making an equity pledge and how they've entered the next stage of corporate giving.

Company: Okta	**Pledge 1% Member Since:** 2016
Industry: Software	**Pledge 1% Builder Since:** 2018

Okta is a U.S.-based identity and access management company with a vision of accelerating a world where everyone can safely use any technology. Their cloud software solutions allow their customers to enable secure access and seamless experiences for their customers, employees, and partners.

In 2016, the organization joined Pledge 1% and founded their social impact and sustainability initiative, Okta for Good, to solidify their commitment to giving back to global communities. Two years later, Okta joined the Pledge 1% Builder community, becoming part of the collaborative network of more than 50 companies leading the Pledge 1% corporate social impact movement as partners, advisors, and financial supporters.

Okta's co-founders Todd McKinnon and Frederic Kerrest specifically chose to take the pledge before the company went public.

"It was a signal that they felt was important to send, as Okta graduated to a public company. Shareholders should know that Okta for Good is a part of what they are investing in," says Erin Baudo Felter, VP, Social Impact and Sustainability at Okta. It also served "to send a signal to current and prospective employees of the company that this is the kind of place where you can come and solve really big problems that are important for the world."

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How Okta Pledged Equity

Initially, Okta pledged to give away 1% of employee time and product, but they decided to add equity prior to their IPO in April 2017. This was important timing, as donating equity for social impact becomes much harder post-IPO because of the substantial increase in shareholders and regulations.

Okta used corporate equity, which is the most common source for equity pledges, to demonstrate total shareholder commitment to social impact. Their equity pledge was significant, but it actually wasn't a full 1% at first. That's what worked best for the company at the time. Baudo Felter's advice to pre-IPO organizations is to make the pledge in whatever way is realistic for you, and then grow to 1%.

"It doesn't have to be all figured out," she says. "It was not all figured out for Okta when we did it. I always say, 'You can do everything else later, but the one thing you can never go back and do is set this equity aside. Call your CFO, get them on board, and let me know how I can help.' Maybe it turns out to be nothing, or just a little bit. But on the off chance that it takes off – which is the dream – then you have given yourself this incredible gift, and it's really your community who benefits from that."

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In Fall 2017, Okta launched the Okta for Good Fund, a donor-advised fund through the Tides Foundation, which enables strategic grantmaking via their equity commitment. Baudo Felter and CEO Todd McKinnon oversee the fund's vision, strategy, and grant recommendations with input from an advisory board of nonprofit and business leaders. The fund distributed $5.48 million in grants in fiscal year 2024, mostly focused on digital equity and tech for good.

Taking the Next Step

During its first seven years of grantmaking, Okta for Good deployed nearly $24 million in grants, supporting hundreds of organizations and touching 14 global communities. While this was funded with equity, their next stage of giving will be funded by a combination of cash and equity.

Okta has this capability because of the immense success of their IPO. “We were a success story of setting aside equity,” Baudo Felter says. “Grantmaking ended up being a much bigger aspect to our social impact work because of how successful the company has been.” This is a great example of the impact that can be made when a company makes a commitment before going public.

At the start of 2024, Okta for Good announced what its next stage will look like: a $50 million, five-year commitment out of the Okta for Good Fund in service of their vision to build a safely connected world where everyone can belong and thrive. The funds will be split across tech for good, digital equity, and climate action.

As Baudo Felter looks back, she reflects on how her experience has made her a resource for the Pledge 1% community the way others were for her when she started the Okta for Good journey. Thinking about the Builders program, she says, “The biggest need in the early days, when there's a person in a role like mine, is that peer community where you can ask, ‘How did you do this?’”

She adds, “The best thing Pledge 1% did for us was provide an easy framework to start from and a peer community to learn from… It really helped to accelerate our work.”

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“Don't worry about what you don't know; just start. You will not regret baking impact into the core of your company and your culture. And the earlier you do it, the more positivity will come from it.”