FROST & SULLIVAN

Microsoft

2022
COMPANY
OF THE
YEAR

Global Identity and Access Management Industry

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Microsoft excels in many of the criteria in the IAM space.

AWARD CRITERIA

Visionary Innovation & Performance	Customer Impact
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Microsoft Entra consolidates and simplifies IAM to enhance value for customers

In response to COVID-19, many companies underwent significant operational restructuring over the last two years. Dissolution of the corporate perimeter, increased remote working, and acceleration of digital transformation initiatives contributed to a greater demand for Identity and Access Management (IAM) solutions. Microsoft is a leader in the industry; with Active Directory and Azure AD, it has supported an entire ecosystem that was built around supporting identity capabilities.

"Microsoft Entra will enable Microsoft to increase awareness about its portfolio of comprehensive identity capabilities, which go way beyond its directory services. The new product family will pave the way for implementing its visionary innovation strategy. Comprehensive visibility of identities and permissions, decentralized identities, and simple and automatic verification processes are cornerstones for a successful dynamic identity environment. Microsoft is well placed to deliver to these industry requirements with its new launch."

- Deepali Sathe,
Senior Industry Analyst

Microsoft has a sizable team focusing on new and emerging technologies, consistently looking for ways to enhance its IAM offerings and enable a cohesive solution for clients. The company retains relevance and future proofs its products and services by proactively working with others in the ecosystem –from start-ups such as Beyond Identity to established vendors such as SailPoint. For instance, Beyond Identity seamlessly

integrates with Microsoft ADFS, Azure AD, and Intune, enabling continuous risk-based authentication and checking the security posture of devices to deter password-based attacks. Similarly, customers using Microsoft's Azure Cloud Platform benefit from SailPoint's expertise in Identity Governance Administration (IGA), since it is a part of the Microsoft One Commercial Partner Program.

The ecosystem approach complements Microsoft's overarching commitment to an evolving identity-centric vision. It has progressed from offering directory services to partnering with other vendors to enable a complete identity solution. Its current focus is on 'trust fabric', a concept acknowledging extension of identities beyond individuals to include non-human personas such as bots, workloads, apps, connected devices, and machines. It offers customers the flexibility to work with their preferred options, which is crucial when dealing with complex and patchworked IAM systems.

Microsoft draws on its security portfolio to augment its identity offerings, sharing data within its own ecosystem. Its expertise in artificial intelligence (AI) and machine learning (ML) enables insights to be generated from the data sourced from across the globe. The massive scale of data available to Microsoft is evident from the following figures: more than 330,000 organizations use Azure AD, 500+ million users are authenticated and authorized every month, and 90+ billion daily authentication requests are made, making it the largest cloud identity service.

The company invests heavily in research and development to ensure the future relevance of its products and services. For instance, Microsoft's passwordless authentication capabilities are an ideal response to the mega trend of cognitive intelligence where the collaboration between humans and non-humans will escalate. Passwords as they stand today, will be irrelevant for non-human identities.

Microsoft's identity journey received significant impetus with the recent consolidation of its identity-related products under Microsoft Entra[1]. It includes Microsoft Azure Active Directory (Azure AD), Microsoft Entra Permissions Management (Cloud Infrastructure Entitlement Management (CIEM) capabilities), and Microsoft Entra Verified ID (decentralized identity). Meeting the demands of a hyper connected world and responding to the mega trend of *connectivity and convergence* where billions of people, apps, microservices and connected devices share and access data, Microsoft focuses on its expanded vision to create a more secure environment. Its identity 'trust fabric' responds to industry drivers such as customer demands for simpler and automated IAM, managing identities seamlessly across clouds, moving towards intelligent and adaptive capabilities, and merging of networking, identity, and device management. The launch of Microsoft Entra increases awareness about its portfolio of comprehensive identity capabilities, which go way beyond its directory services. The new product family is paving the way for implementing its visionary innovation strategy. Visibility of identities and permissions, decentralized identities, and simple and automatic verification processes are cornerstones for a successful dynamic identity environment. Microsoft is well-placed to deliver to these industry requirements with the latest launch.

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[1] Microsoft Entra - https://www.microsoft.com/security/blog/2022/05/31/secure-access-for-a-connected-worldmeet-microsoft-entra/#:~:text=Microsoft%20Entra%20Verified%20ID%20will%20be%20generally%20available%20in%20early%20August%202022.

Close collaboration with customers strengthens brand perception

Although Microsoft is a leader in the IAM market, it has sometimes struggled to create awareness about its capabilities among customers. Its recent rebranding announcement was aimed at reducing ambiguity around its identity related offerings. Moving beyond customer perception of being a directory provider, the new branding consolidates different identity functionalities, establishing the completeness of Microsoft's offerings. The company's security division generated $15 billion in 2021, representing 50% year-on-year growth. Microsoft's CEO, Satya Nadella, alluded to the coordinated efforts in his Q2 2022 earnings call, when he said, "We protect our customers in two interconnected ways: first, we incorporate security by design into every product we built; and, second, we deliver advanced end-to-end cross-cloud, cross-platform security solutions, which integrate more than 50 different categories across security, compliance, identity, device management, and privacy, informed by more than 24 trillion threat signals we see each day."

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> *- Deepali Sathe,*
> *Senior Industry Analyst*

Most customers have a unique environment that is dependent on tools that they use, their partners, and vendors. To enhance its capabilities to meet the diverse customer requirements, Microsoft prioritizes an open and interoperable ecosystem with integrations and multi/hybrid cloud capabilities and works closely with standards bodies. For instance, in 2021, with the acquisition of CloudKnox, Microsoft gained the ability to offer cloud infrastructure entitlement management (CIEM) across Azure, Google Cloud Platform (GCP) and Amazon Web Services (AWS). Hundreds of partners strengthen its identity portfolio comprising passwordless authentication, user provisioning, pre-integrated single sign on (SSO), identity governance identity verification and hybrid access management.

Not all of Microsoft's capabilities are unique, however with its prowess in identity and technology, coupled with a strong innovate focus, it has been able to enhance customer satisfaction and experience. For instance, using adaptive access policies and adaptive authentication, customers can set up device-based conditional access policies and enhance outcomes from identity and endpoint manager solutions. Customer feedback is a significant part of Microsoft's innovation process. With every UI encouraging customers to share feedback, other mechanisms such as data analytics are used to understand customer preferences. All of these feed into the innovation process and the prioritization of features, as well as inputs into new product development. Internal testing of innovative features is followed by private and public preview before being made generally available. The feedback from customers during preview stages is assessed by both sales and technical teams. With multiple large enterprises as its clients and a broad security portfolio, Microsoft aims to build on its existing strengths – the launch of Microsoft Entra is a positive step that establishes the company as a leading contender in the identity industry for the foreseeable future.

Conclusion

Microsoft took a critical step forward in establishing itself as a leader in the global IAM industry with the launch of Microsoft Entra. Its commitment to simplifying customer IAM journeys will receive a significant impetus, as customer awareness about its diverse IAM portfolio increases. The new product family will promote innovation and complement existing capabilities. For the second consecutive year, Microsoft's focus on identity is apparent with its organic and inorganic growth, while innovation plans indicate the development of a robust identity portfolio. For its strong overall performance, Microsoft is recognized with Frost & Sullivan's 2022 Company of the Year Award in the global identity and access management (IAM) industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.
Learn more.

Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**