

Evaluation Guide:

Passwordless Options for Entra ID

Tips for assessing passwordless and passkey
solutions for Microsoft Entra



HYPR



About this Guide

Organizations across all sectors are looking to passwordless authentication and passkeys to make their authentication processes more secure while reducing friction. And for good reason. Nearly two-thirds of all breaches and all ransomware attacks start with credential theft and account compromise. Authentication processes are a key target for attackers, largely because most credentials are easy to steal and are typically stored centrally.

Fully passwordless authentication keeps out those who shouldn't have access while making sure the right people can get in seamlessly — and it's the single strongest security measure you can implement to keep your systems, your users and your organization safe.

But the passwordless authentication landscape can be challenging to navigate. If you are reading this, you are probably interested in a FIDO2 Certified product based on passkeys. Congratulations as FIDO is the undisputed standard for secure, user-friendly, interoperable authentication. **Not all FIDO solutions are created equal**, however, and terminology can be confusing or even misleading. There are features and capabilities that are essential to a strong passwordless solution and others that may be important for some organizations and not others.

“[We’ve] known that at some point “traditional MFA” would become “legacy MFA” and need to be reassessed or even replaced... I urge every CEO to ensure that FIDO authentication is on their organization’s MFA implementation roadmap.”

— Jen Easterly, Director, CISA

This guide will help you discern among FIDO passwordless products and determine which solution best suits all the needs and requirements of your organization.

This guide is intended for:




- IT and system administrators
- Identity and Access Management (IAM) architects
- Security teams
- CIOs
- CISOs
- Anyone interested in better security

What You'll Learn

- The biggest authentication security risks
- A comprehensive set of criteria to evaluate passwordless / passkey solutions
- How passwordless authentication aligns with compliance, certification and standards
- Advancing your Zero Trust security model with passwordless authentication

Where Do You Start?

Before you begin evaluating passwordless / passkey authentication vendors and solutions, it's critical to assess both your current and future security needs. As with any tool in your security stack, you need to weigh the risks, costs and your specific requirements. Consider these questions as a starting point.

 REQUIREMENTS	 RISKS	 COSTS
<ul style="list-style-type: none">• Are you in a highly regulated industry or sector?• Does your cyber insurance suggest or require you to have MFA?• What kind of sensitive data does your organization handle?• Do you use only Entra ID or do you have other IdPs? Are you fully in the cloud or do you have a hybrid environment?• Do you have employees working remotely? Does your organization have multiple locations?• Does your organization interface with customers, partners, subcontractors or other allied personnel online?	<ul style="list-style-type: none">• How much business disruption would be involved in making the switch to passwordless authentication?• Will users embrace the new technology or resist it?• To what extent do you need to protect against specific threats, such as credential phishing and push attacks?• Is your organization concerned about emergent or ongoing risks or is a “point in time” solution sufficient?	<ul style="list-style-type: none">• How much have you budgeted for multi-factor authentication (MFA)?• Have you included the intangible costs of deployment, such as time required for implementation, IT resources needed and a potential slowdown in user productivity?• What average downtime will an employee experience while awaiting a new password to be issued?• What is the cost associated with having to investigate, respond to and mitigate authentication based attacks?• How much does fraud cost you currently?

Introduction

As any security professional can tell you, credentials and the people that use them constitute one of the biggest security risks. Yet, organizations are still heavily reliant on password-based methods to protect access to digital accounts, data and other resources.

Approximately 65% of people reuse passwords across accounts, and nearly half hadn't changed their passwords in over a year, even after a known breach.¹

The pervasiveness of lax password practices makes account takeover trivial. It's no wonder that credential theft is at an all time high. There's currently more than 15 billion stolen credentials for sale on various hacking forums.²

Credential-based attacks span a variety of methods — from phishing campaigns and credential stuffing to man-in-the-middle attacks. The Verizon 2024 DBIR, found the use of stolen credentials to be the most popular attack vector, involved in nearly 40% of all breaches.³

Many organizations adopt two-factor authentication (2FA) or MFA to strengthen their security posture. While these technologies certainly provides more security than passwords, they still fall short. Traditional MFA/2FA is often unwieldy, adding friction for users and IT teams. Most importantly, passwords remain at the core of most MFA solutions, making them vulnerable to attack. With automated hacking tools that can bypass MFA and massive credential



69%

of organizations reported authentication-related breaches in the last 12 months.



\$5.48M

average cost of an authentication breach.

Source: HYPR State of Passwordless Authentication 2024

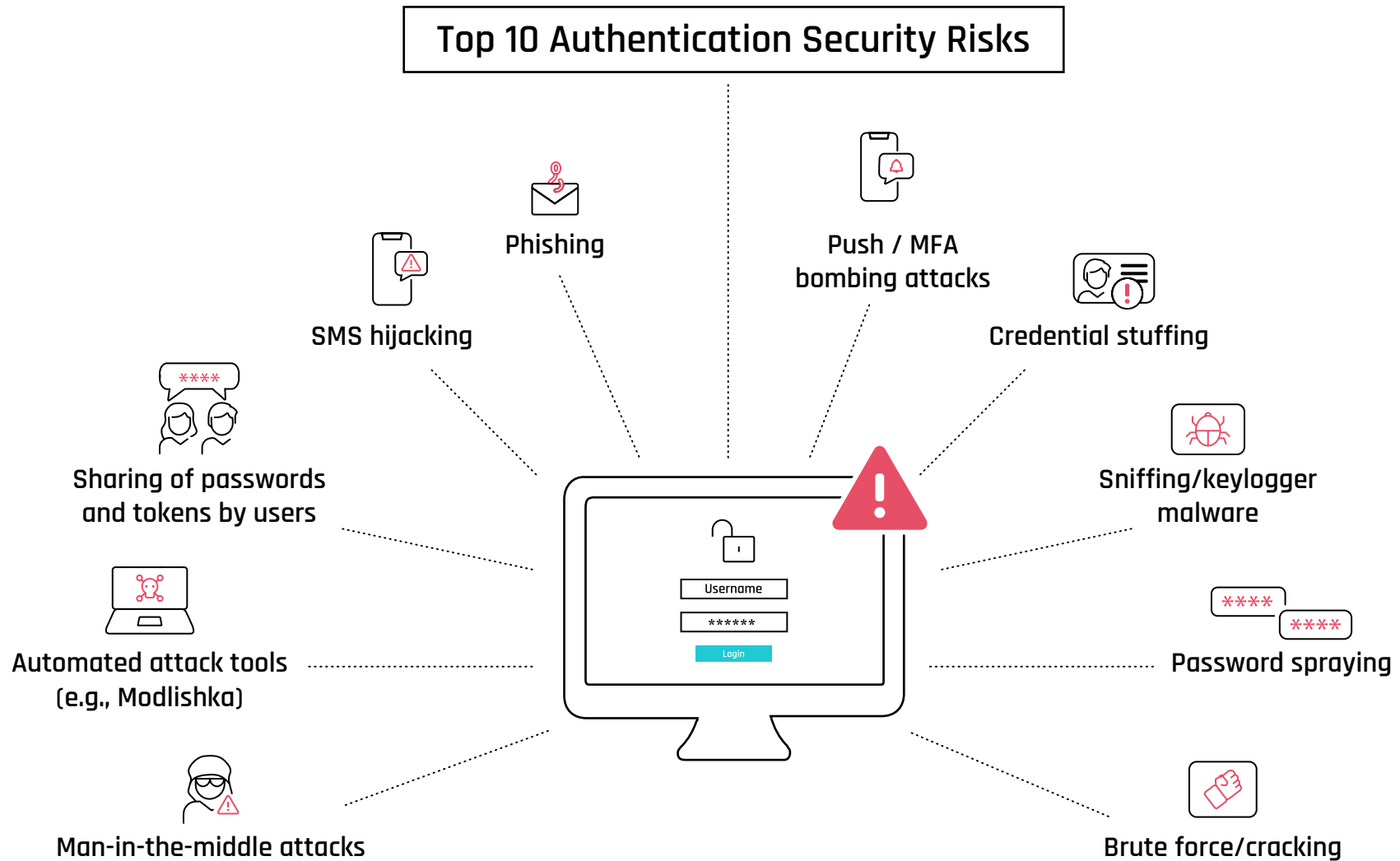
leaks now ubiquitous, attacks will continue to increase unless organizations evolve their strategies. FIDO-based passwordless authentication replaces passwords with passkeys, completely eliminating the biggest attack vector and your biggest target of hackers.

If you are looking at including passwordless authentication in your security arsenal, be aware that there are significant differences among passwordless products and vendors, including those that claim to be FIDO solutions.

This guide outlines the major features and capabilities you should be looking for in a strong passwordless solution, along with questions to ask potential providers. Which criteria you use in your evaluations will depend on the nature of your systems and business, compliance requirements and ongoing or planned strategic initiatives, such as Zero Trust.

Top Entra ID Authentication Security Risks

Attackers use multiple methods to bypass passwords and traditional MFA security. These are the most common threats you need to guard against.



Core Capabilities to Look for

1. No Passwords or Shared Secrets Anywhere

Contrary to what you'd expect, passwordless authentication does not always eliminate passwords and shared secrets. Some approaches remove the password from the user's login experience for convenience, but passwords remain part of the infrastructure. For example, they may use biometrics for login, but this simply unlocks and forwards a stored password for validation on the backend. Other solutions may send a one-time password (OTP) by SMS or email as part of their MFA flow. Whenever there is a secret shared for verification, even if temporary, it is vulnerable to phishing and interception.

FIDO passwordless solutions replace passwords and shared secrets with passkeys. They use a private-public cryptographic key pair to authenticate a user's identity. The private key is stored in a hardware-based secure enclave — a mobile phone, smart card, security key, or the platform device (e.g., Windows Hello for Business) — while the public key is registered with the authenticating server. This ensures that user accounts and data stay safe, even if the server is breached. Make sure, however, that the backup method does not use a password. WHfB, for example, falls back to a password.

65% of organizations' "passwordless" solutions actually require a shared secret, such as an underlying password, one-time password (OTP), or SMS code.⁴

Buyer's Tip

Your passwordless solution should never use shared secrets, including during enrollment, fallback and account recovery.

2. Passwordless MFA for Desktop Login

Secure application login is important, but if a passwordless authentication solution works only for applications, it leaves open a critical security gap for your workforce. The initial authentication point for most of your employees is the laptop, desktop or workstation itself. Multiple regulatory bodies, including the NYDFS, CISA and the Federal OMB, require affected organizations to implement desktop MFA, and many cyber insurance companies insist on it as a requirement to receive coverage.

Your passwordless authentication solution should offer several secure authentication options for desktops to meet user and organizational needs — for example, smartphone authenticator app, desktop-native authenticators like Windows Hello, or hardware security keys. If you have cases where an employee logs into multiple desktops or multiple employees share the same computer, make sure the solution can address these situations. In addition, secure roaming and offline authentication capabilities are essential when employees are traveling or unable to connect to the internet.

Buyer's Tip

Secure authentication for applications is not enough. To secure your workforce, you need passwordless authentication that begins at the desktop.



3. Real-Time Risk Response

Today's dynamic and distributed computing environments means organizations face rapidly changing risk levels and threats. A comprehensive authentication solution includes the capability for real-time risk assessment and adaptive security controls.

Ideally it will leverage risk signals and telemetry from various sources, including user behavior analytics, contextual information, device risk signals and intelligence from third-party tools such as CrowdStrike and Microsoft Defender. If increased risk is detected, it should enforce real-time response actions such as step-up authentication and alerting your broader security ecosystem. For example, if an employee tries to log into an application from an unexpected location or if a threat has been flagged by the system, they may be required to provide additional verification factors.

Buyer's Tip

Full coverage authentication security moves beyond point-in-time solutions to address a continuously changing risk landscape.

4. Support for Remote and Hybrid Workers

Flexible workplace policies are the norm today and nearly all organizations have a responsibility to secure their remote or partially remote and traveling workforce. Remote working means that large numbers of employees access corporate resources through virtual private networks (VPN), virtual desktop infrastructure (VDI) and remote desktop protocol (RDP), which makes them susceptible to attacks and potential breaches. Hardening your defenses at the point of access to these systems, such as through FIDO passkey-based authentication, goes a long way toward securing your remote and hybrid workforce.

Forrester found that 75% of organizations experienced cyberattacks stemming from insecure technology deployed to cope with remote work.⁵

Secure offline access is another important consideration for remote and hybrid workers. Working remotely increases the need to unlock devices when internet coverage is patchy or inaccessible. Some methodologies, such as decentralized offline PINs, available through an authenticator app, let users securely identify themselves offline and gain access to the devices they need to do their jobs.

Buyer's Tip

Ensure that your passwordless authentication solution provides secure remote access, even when offline.

5. Integration with Your Systems, Identity Providers and Devices

As part of your preparation for passwordless authentication, you'll want to map out all the places your workforce uses passwords. Include device types (examples: Android, iOS, macOS, Windows, Linux) and login locations in addition to your identity providers (IdPs), virtual desktop infrastructures (VDIs), applications, proprietary programs and cloud services.

Many passwordless solutions work only with specific IdPs. Look for a solution that has tight integrations with Entra ID and which has been validated by Microsoft for this purpose. If you use other IdPs and SSOs you will want to make sure the solution works with these as well, including any legacy on-premises systems. Otherwise you will end up with multiple, different authentication processes. This creates a disjointed, friction-laden user experience and can hamper cloud transformation initiatives.

The passkey solution you ultimately end up selecting should integrate with all the major IdPs and should also support open standards (such as SAML or OIDC) to easily integrate with the secure single sign-on (SSO) service of your choice. Flexibility, portability and forward compatibility are essential.

Buyer's Tip

Your authentication should be decoupled from your identity provider and integrate with a wide range of devices and services.

6. Resources Required to Integrate, Deploy and Manage

An important step in planning your move to passkeys or any passwordless authentication is determining whether your in-house staff possesses the knowledge and skills to properly implement the solution. Depending on the solution and your team, you may need to engage professional services to support, install and test the solution and necessary integrations.

According to a recent poll, 67% of organizations contend that their staff doesn't have the needed skills and teams for adoption of passwordless authentication.⁶

Choosing the right solution can make deployment, integration and management faster, easier and less expensive. Make sure you consider the following questions as you evaluate solutions:

- Does the solution follow a standards-based approach? If that's the case, it should be trivial to integrate it with your current SSO providers.
- Is there a robust software development kit (SDK) that allows development teams to integrate the solution with custom or legacy applications not connected to your SSO?
- If regulatory obligations such as the PSD2 Strong Customer requirement impact your business, do the SDKs include built-in security controls and functions to help you meet them?
- How long will it take to deploy and enroll each user?

Buyer's Tip

Do your due diligence in determining resources needed to rollout and manage a solution on an ongoing basis.

7. The User Experience

In this digital age, a simple, quick experience is critical to business success — for both customers and for the workforce. A study on passwordless authentication found that 67% of organizations say that improving user experience is a key factor in driving adoption.⁷

Ease of use with any security system plays an essential role in its successful adoption and makes it less likely that people will seek workarounds. Solution providers need to make the passwordless authentication experience fast, intuitive and convenient. It's advisable to employ a single login flow — from the desktop through to cloud applications — with a consistent experience across devices and systems.

When you evaluate various passwordless authentication vendors, check to see whether their solutions can accommodate different requirements and user preferences across different demographics, verticals and industries. A sound passwordless authentication solution should provide alternatives for those who cannot or choose not to use biometrics. Ideally, the vendor will offer multiple secure authentication methods, including smartphone apps, Windows Hello, QR codes, hardware security keys and decentralized PINs.

User experience is inextricably linked to productivity. Whether applied to the workforce or for B2C applications, 73% of organizations believe that the most user-friendly and convenient method for MFA is smartphones.⁸

Buyer's Tip

A positive and frictionless experience for every user should be a top priority.



8. Cloud Solutions: Availability, Security and Operational Processes

A security solution is only as valuable as it is available and resilient against security incidents and downtime. Some enterprises sometimes choose to deploy on-premises authentication solutions, believing they offer greater security control. However, such solutions are often less secure as it's more difficult to deploy urgent security patches.

Cloud-based authentication provides high scalability, flexibility and better integration with modern organizations' cloud applications and services. Make sure your passwordless provider maintains their solution independent from your systems. That way, even if you encounter a security incident, access to your applications is still securely managed by your provider.

If your business is subject to data privacy regulations, such as the EU General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA), make sure the solution does not share or store sensitive or personally identifiable information (PII) in the cloud, or send users SMS codes. Any security-relevant data should be encrypted (AES-256 or stronger), with each tenant's data stored in a segregated and secured database invisible to other tenants.

Make sure your vendor has a failover process in place, with service distributed geographically and across multiple providers and power grids. If possible, choose a vendor that guarantees 99.99% uptime, backed by strong service level agreements (SLAs).

Buyer's Tip

When assessing cloud-based solutions, ask about solution hardening against vulnerabilities and breaches, data privacy compliance and uptime guarantees.

9. Secure Storage of Private Keys

A passwordless authentication solution can still be vulnerable to device-side attacks by hackers, even if it uses public key cryptography. Malware, side-channel attacks and reverse engineering are among the many techniques available to attackers who want to steal the private keys of a cryptographic system. To ensure key safety on mobile devices, authentication systems should utilize hardware-based security, such as ARM's TrustZone technology, Android's Trusted Execution Environments, the iOS Secure Enclave or Samsung KNOX to store keys and perform cryptographic operations.

A Note About Synced vs. Device-Bound Passkeys

FIDO passkeys replace passwords with a cryptographic key pair and on-device authentication. There are two primary types of passkeys.

Synced Passkeys: These are the standard passkeys offered by Apple, Microsoft, Google and others, which are used to log into websites and cloud apps. The private key is securely stored in a vault, such as the OS keychain or a password manager and can be synced between devices via the operating system's cloud service. They're convenient, but outside enterprise control.

Device-Bound Passkeys: A device-bound passkey is stored on a specific hardware device and cannot be shared with other devices. It is designed for enterprise environments that have security and operational requirements which make synced passkeys unsuitable.

Buyer's Tip

Ask if the solution uses a device-level Trusted Platform Module (TPM) to store private keys and other sensitive data.

10. Fully FIDO Certified

The FIDO (Fast IDentity Online) Alliance — the official body behind passkeys — aims to improve cybersecurity with open standards that are more secure than passwords, SMS and OTPs, simpler for consumers to use, and easier for service providers to deploy and manage. CISA considers FIDO the gold standard for MFA. A FIDO Certified solution is based on the passkeys standard. It leverages public key cryptography for authentication and adheres to usability and interoperability guidelines to aid user adoption and ensure compatibility with other FIDO Certified products.

Some vendors claim that they are FIDO compliant or support FIDO, but this does not guarantee the same security, usability and interoperability as FIDO certification. It's also possible for a provider to have FIDO certification for its validation server, but not for its authenticator. This means their server has the ability to accept external FIDO Certified authentication verifiers but that the solution's client itself does not meet FIDO standards. FIDO standards match guidance from these organizations and cybersecurity statutes, ensuring built-in compliance:

- Cybersecurity and Infrastructure Security Agency (CISA)
- NIST (800-63B)
- Federal Financial Institutions Examination Council (FFIEC)
- U.S. Federal Office of Management and Budget (OMB)

Using a solution that is FIDO Certified on all of its components helps future-proof your authentication strategy. To determine a passwordless authentication solution's certification status, you can [check FIDO's registry of certified technologies](#).



Resounding Support: How Critical Is FIDO?
Today, FIDO standards, including FIDO passkeys, are the most widely adopted standards in the passwordless industry. Advocates include Mastercard, Apple, Microsoft, Samsung and others.



Buyer's Tip

Make sure your vendor leverages passkeys technology and is FIDO Certified across all solution components.

11. Security and Quality Certifications and Regulatory Compliance

If your organization handles sensitive personal or payment data, make sure your passwordless solution meets all relevant privacy and security compliance requirements, such as GDPR, CCPA, HIPAA, PCI DSS, NIST 800-63B, MITRE and others.

In addition to complying with regulations, find out if the vendors under review hold up-to-date independent certifications. This provides assurance of their commitment to security and privacy standards and will enable you to obtain proof-of-compliance reports for your auditors. Vendors with SOC 2 Type 2 certification have had their security procedures and controls fully vetted by a third-party, independent auditor. Various ISO certifications provide additional assurance regarding controls to ensure the confidentiality, integrity and availability of customer information; measures that reduce risk in the cloud; and data privacy and protection of personally identifiable information (PII) in cloud computing.

Finally, to further aid your organization with compliance audits, ask your vendor how they create an audit trail that reports data on authentications across mobile devices and workstations, along with errors that may have occurred.

Buyer's Tip

Ask your vendor to supply up-to-date certifications and reports on their compliance with current regulations.

12. Zero Trust Best Practices

Zero Trust is a security model that has gained tremendous traction worldwide. The core concept is simple: never trust anyone or any device. Zero Trust requires that the identities of all users and devices that try to access resources on a corporate network always be verified and that access needs are limited to the appropriate role.

A cornerstone of any Zero Trust initiative is phishing-resistant MFA. Under Zero Trust, MFA is the network gatekeeper — and the strength of that gatekeeper affects the security of the entire Zero Trust architecture. Unfortunately, some organizations find gaps in employee MFA adoption, especially among those who work remotely or travel often. The friction of forcing employees to juggle multiple authentication steps creates adoption hurdles that slow down the Zero Trust initiative as a whole.

FIDO Certified passwordless authentication helps your organization enact Zero Trust principles, without a negative impact on the user experience. It builds trust into the user's identity, ensuring that authentication processes align with the highest level of assurance (NIST 800-63B AAL3) for Zero Trust initiatives. CISA, the Federal OMB and other compliance regulators strongly recommend technology based on FIDO and WebAuthn standards.

If Zero Trust is part of your security strategy, true passwordless authentication can bring this transformation about more quickly, at a lower cost, using fewer resources and with stronger, more reliable levels of security and compliance.

Buyer's Tip

Even if your organization has no plans for a formal Zero Trust initiative, you should implement the framework's widely accepted best practices in user and device authentication.

Additional Factors

You now have a solid basis for evaluating the ideal passwordless authentication solution for your organization. Once you have asked all the hard questions about everything from capabilities to compliance, there are still a few important things to consider. After all, you will be entering into a critical, long-term security relationship, so make sure you examine the vendor as thoroughly as the solution.

Research the vendor's reputation. Check analyst research from Gartner, Forrester and other industry experts to compare how the vendor rates against competitors and what their strengths and weaknesses are, especially when it comes to their Microsoft integrations. Ask if they have documented costs and ROI figures. Don't hesitate to request a detailed breakdown.

Make sure the vendor provides regular release updates and has a proven track record of responding to customers' needs in terms of fixes, features, protections and system coverage. Ask your vendor for customer references that you can contact directly to gain insights on their experiences with the company and the solution. Talk to their customers about the responsiveness of the vendor's technical support and development teams.

Also, find out about speed of deployment and the time and resources involved in management and maintenance. Will your chosen vendor help you navigate the optimal deployment for your organization? Does your vendor have extensive, proven experience and skills in the field and especially in your industry sector and environment?

Buyer's Tip

Inquire about customer satisfaction scores and retention rates. If a provider keeps their customers happy, it's a good indication that they will be a reliable security partner for you.

"Start now. Start somewhere. You'll learn a lot when deploying, and bringing people along for the journey is critical. But, the time to start passwordless is now."



Yash Sachar, Manager of IAM/PAM
Toronto Stock Exchange

HYPR Checks All the Boxes and Then Some

HYPR extends the functionality of the FIDO passkey standard into a comprehensive passwordless authentication and identity security solution for your Entra ID and hybrid environments. With HYPR, you drastically reduce your attack surface while making login faster and simpler for your users. It turns an ordinary smartphone or other device into a FIDO Certified, PKI-backed security key for a frictionless, phishing-resistant login from desktop to cloud. Through our tight integration with Entra ID, HYPR enforces phishing-resistant authentication flows to your devices, SSO and connected cloud apps.

A fully FIDO Certified authentication system, HYPR also serves on the board of the FIDO Alliance and is the authentication provider for the Alliance itself. HYPR is platform agnostic, integrating with Entra ID and all major IdPs, whether on-prem or cloud. This unifies siloed identity systems and streamlines transition to Entra ID. Our cloud-based solution is architected for 99.99% availability, and we deliver 100% monthly uptime for the majority of our customers. HYPR holds SOC 2 Type 2 and ISO 27001, 27017 and 27018 certifications, as well as multiple other independent assurance certifications.

HYPR dedicates itself to the success of its customers and believes in providing a positive and productive experience — from initial deployment to ongoing support. Onboarding is straightforward and streamlined — new employees can be productive their first day on the job. HYPR is independently verified to deliver 324% ROI with less than 6 months payback time.

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About HYPR

HYPR, the leader in passwordless identity assurance, delivers comprehensive identity security by unifying phishing-resistant passwordless authentication, adaptive risk mitigation and automated identity verification. Trusted by top organizations including two of the four largest US banks, HYPR ensures secure and seamless user experiences and protects complex environments globally.