



OneLogin touts indexless search for the cloud

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OneLogin hasn't exactly been snagging the headlines – it's a small startup developing the kind of software that's about as far from sexy as you can get. Identity management and user provisioning, although essential, are back-end software plumbing. But with the recent addition of a novel federated cloud search service to its product stack, OneLogin is looking to extend its reach. Considering it's only been in business a couple of years, its fast growth through innovation leads us to view the company as one to watch closely in the future.

The 451 Take

With the release of a federated cloud search service, one that is based on a simple but smart notion, OneLogin is attempting to cement a place for itself in cloud service management. The firm has made much progress in a short period of time, and we believe it has real potential to grow. Federated ID, or SSO-type products, have been around for years. They never quite picked up even in the enterprise, despite initial promise. Now with cloud-based apps and mobile apps, we've begun to see a reemergence of this technology, coupled with stronger authentication mechanisms. What OneLogin is doing differently is packaging many elements into a single subscription-based offering that bundles directory integration, authentication, password vaulting, associated reporting and analytics and now cloud search, using the identity management function as a platform to leverage the other services into a single product. Essentially, it is becoming a one-stop shop for cloud-user management. Whether OneLogin really can expand as quickly as it needs to may be in question; but even so, it could make an interesting acquisition target for a larger player that wants a fast track to the cloud.

Context

Founded in 2010, San Francisco-based startup OneLogin currently has about 25 employees, and about \$5m in funding mainly from Charles River Ventures, but also angel money from an array of tech luminaries including the founders of Zendesk and Yammer. Because the firm is doing well and growing, we expect it to look for more funding in 2013 to help accelerate growth further. The above numbers are relatively small, and stand in contrast to the firm's claim to have roughly 500 customers, and 11 million licensed users, almost all of them in the US. Pricing starts at about \$5 per user per month, but most large deals will be negotiable, with a typical deal size around \$60,000 per year, according to the company. As of today, we estimate revenue at less than \$10m and the firm to be cash-flow positive, and well on the way to being profitable in the near future. OneLogin claims to be growing at 400-500% per year.

At heart, OneLogin, as its name suggests, is an identity management company; but the November 2012 release of a federated search service has extended the firm's reach and ambitions beyond SSO. The OneLogin premise is a simple one, that in the cloud era, traditional methods of utilizing directories and authentication fall short, and that in the cloud, essential enterprise controls relating to application and identity management, user provisioning and sign-on are outside of an enterprise's control. The enterprise, in turn, becomes dependent on fragmented third-party services, a far from ideal situation. Similarly, cloud service providers that have huge numbers of (often unregulated and potentially untrustworthy) customers, also need to secure and manage services, and need the tools to do so. OneLogin believes that, taken together, these factors represent a good market opportunity.

Technology

OneLogin is best known for its open source SAML toolkits for Java, .NET, PHP, Python and Ruby. From this foundation has come SSO, password vaulting, authentication, user provisioning and Active Directory and LDAP directory integration – pretty much the sweep of functions needed to provide scalable cloud-based identity management.

The new addition to the product stack, federated search, is not a search approach we've seen before. OneLogin uses the query functions that feature in most typical cloud APIs; for example, salesforce.com, Yammer, Dropbox and Box. It then federates the results of these individual queries via its core identity management functions. In other words, there is no traditional extraction and indexing of content and metadata. In fact, there is no indexing at all. An HTTP request is sent to the

API, a query is triggered and a JSON object is sent back. It's an extremely simple and novel approach to search, though not without limitations, since it lacks any filtering beyond basic ranking. The company says it will be adding features, but until then, some detractors may perceive it as a novelty rather than a utility.

Overall though, the strengths of this approach far outweigh its weaknesses, in our opinion. These strengths include searching in real time, which traditional search engines don't do, and delivering very fast response times. It does this by leveraging the system's knowledge of the user, and automatically signs the user into the searched apps. It is cloud-based, so no on-premises hardware is required. On the flip side, it's not possible to rank or normalize search results. You simply get return results. OneLogin has worked to allow the user to prioritize the applications searched, and it's an easy-to-use interface. In future, the company plans to offer more faceting of search results.

Customers

OneLogin's customer base includes a number of major cloud-based services such as Netflix, Pandora, Yammer (now a part of Microsoft), as well as major organizations such as PBS and AAA. The firm's focus is clearly on those organizations with large or very large numbers of users to provision and manage – which is a tough nut to crack for a small startup.

Competition

OneLogin has innovated the concept of leveraging the SaaS SSO to undertake federated searching, but vendors such as McAfee, Ping, Symplified, Okta, NetIQ, SecureAuth and Centrify could follow suit. Other cloud players include CA Technologies CloudMinder, Layer 7 Technologies CloudConnect gateway, Oracle, Symantec with its VIP authentication service and RSA's Cloud Trust Authority partnership with Zscaler. Technology Nexus in Sweden is also building out a cloud-based service that integrates authentication, certificate management and federated SSO.

If one of these companies builds a more powerful search function, that could quickly minimize the differentiation. On the other hand, its customer base and innovative set of services makes OneLogin a prime target for acquisition, and it clearly has some first-mover advantage here.

SWOT Analysis

Strengths

It has an impressive and wide-ranging portfolio of products for cloud-user management that is currently ahead of the competition.

Weaknesses

The firm's small size and its ability to manage growth and opportunities effectively are key challenges that will be hard to overcome.

Opportunities

The most obvious large opportunities for OneLogin are new cloud-based consumer services that have a large customer reach. There are also opportunities to be had in larger enterprises that are starting to embrace the cloud.

Threats

OneLogin faces multiple threats particularly from much bigger security and enterprise infrastructure management vendors.

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