BuyerPulse Trends: OneLogin on Identity and Access Management
March 19, 2013 - IDC Link
By: Sally Hudson

In a recent briefing with IDC, Thomas Pedersen, CEO and Founder, and Elias Terman, VP Product Marketing, discussed the key market and product trends impacting OneLogin's identity management software. This snapshot outlines OneLogin's perspective on identity and access management (IAM) trends and how OneLogin is positioning the company to respond to market demands.

Trends Compass

According to OneLogin executives, key directions in revenue, geography, selling, and product evolution include:

- Demand for SSO is growing; OneLogin saw 400% growth in 2012.
- Support for SAML is strong among SaaS vendors.
- As more sales and support functions move to the cloud, enterprises want SSO for their external users as well.
- Compliance regulations are moving more customers to add SSO to their SaaS implementations.

Company Background

Founded in 2009, OneLogin is a privately held, cloud-based identity management software provider, headquartered in San Francisco, California. The company received its initial funding from Charles River Ventures. OneLogin reportedly grew revenues 400% in 2012 and expects to do the same in 2013. The company had 30+ employees as of January 2013. OneLogin has more than 600 paying customers in 35 countries and 12 million licensed users. This includes both internal employees and external users.

Product

OneLogin is an on-demand solution consisting of secure single sign-on, multi-factor authentication, directory integration, user provisioning, and a catalog containing literally thousands of pre-integrated applications.

The vendor is typical of many SaaS companies in the frequency and delivery of product updates. Currently, OneLogin is on its 75th release cycle and averages 1–2 product releases per month. Due to the nature of the cloud, product releases can be seamless to the customer; however, customers are now asking for notification before a new version is released in order to be adequately prepared. In answer to this, OneLogin is planning to introduce a "sandbox" version for customers on the unlimited plan that will be available one to two weeks prior to each release.

Pricing

OneLogin's deals typically range from $25,000 to $150,000 per year. As a SaaS vendor, nearly 100% of license revenues are subscription-based pricing. OneLogin offers subscriptions based on price per users per month. The majority of OneLogin's contracts are for one-year deals, but two- and three-year contracts are also written in certain situations.

Selling Model

As previously mentioned, almost 100% of sales are through subscription pricing. OneLogin relies on inbound lead generation, whereby the sales team targets any company from 100 to 100,000 employees. The company currently generates the most traction with organizations that have from 2,000 to 5,000 employees, with the average sales cycle at about 45 days.

Geographic Coverage

Revenue growth was driven by North America in 2012. Revenue was approximately 80% North America, 15% EMEA, and 5% APAC. North America continues to show enthusiastic interest in using the cloud, especially in larger enterprises. Brazil and Mexico are showing the most interest in the Latin America sector, while OneLogin characterizes EMEA as "still hesitant" about cloud deployments. In APAC, Australia and India are currently the leading markets for OneLogin.

Professional Services

As OneLogin is a subscription-based service (which is about 99.95% direct sales), the solution is designed to be self-service. However, OneLogin helps customers with on-boarding, which to date includes facilitating directory connections, setting up several applications, and training. The service is typically up and running during the first call.

Key Market Trends

OneLogin sees the following demands from customers and prospects:

- As more sales and support functions move to the cloud, enterprises want SSO for their external users as well.
- Cloud SSO is often led by the corporation's adoption of a key SaaS application.
- Many customers want to avoid directly dealing with MSFT ADFS.
- OneLogin is implemented to coexist with legacy IAM.
- A shift from hardware tokens to soft tokens is taking place in some organizations due to perceived lower costs and management requirements.
- Strong demand for SAML is coming from SaaS vendors. Approximately 70 SaaS vendors have implemented OneLogin's open source SAML toolkits.
- User provisioning and de-provisioning become more important as more users have SaaS applications.
- Enterprises want to connect their directory infrastructure to the cloud.

Competition

Okta, Microsoft ADFS, and Ping Identity are the IAM vendors that OneLogin views as primary market competitors. IDC believes that the company is also competing with CA Technologies, Oracle, and sometimes IBM in certain deals.

Differentiators

OneLogin sees its key differentiators as:

- Real-time AD user synchronization
- Large catalog of integrated apps
- Offering an iPad app for both SSO and password vaulting
- Cloud Search — Currently in beta test
- Support of VPN integration (both IPsec and SSL based)
- Users can select to build custom reports
- User provisioning with entitlements and de-provisioning
- Free SAML Toolkits for Java, .NET, PHP, Python, and Ruby

- Strong authentication, which can be integrated with all OneLogin apps

OneLogin is part of the growing number of vendors selling exclusively into the SaaS model. IDC has sized the total IAM SaaS market as $702.7 million in 2011, reaching $1.4 billion by 2016. This data is from *Worldwide Security Software as a Service 2012–2016 Forecast: Delivering Security Through the Cloud, IDC #238553*, published in December 2012.

Susan Funke contributed to this research.

Subscriptions Covered:

BuyerPulse Analysis: Identity and Access Management