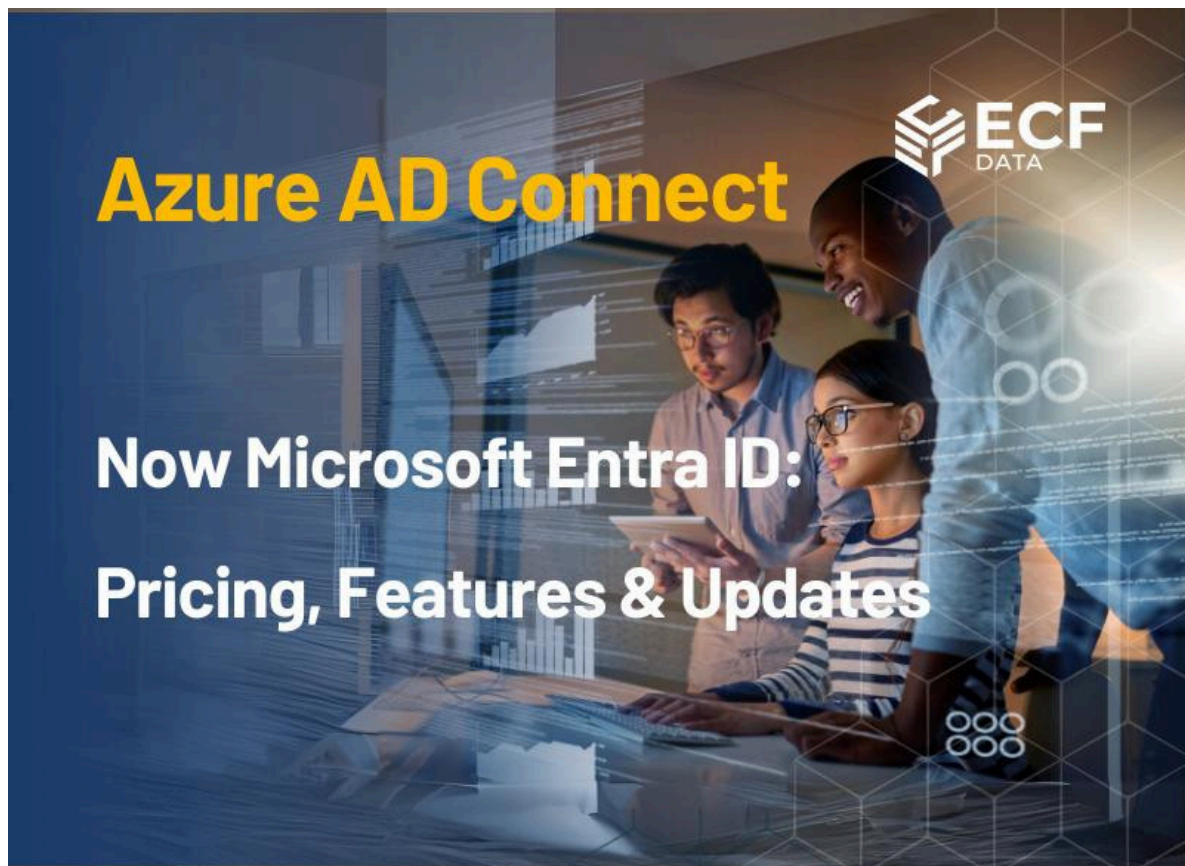# Azure AD (Active Directory) Now Microsoft Entra ID: Pricing, Features, Updates

As Microsoft keeps pushing the boundaries of its cloud offerings, the renaming of Azure AD is a big deal. In case you missed the memo, here's the scoop: Azure AD is now known as Microsoft Entra ID.

If you've been using Microsoft products for a while, you're used to these changes by now. Microsoft has a habit of giving its tools new names: Microsoft Flow became Power Automate, Windows Virtual Desktop is now, Azure Virtual Desktop and Phone System was renamed Teams Phone. The list goes on, but that's just Microsoft being Microsoft!

In this blog, we'll delve into this makeover, features, and the cost of Azure AD.

What is Microsoft Entra ID/ Azure AD?

Microsoft Entra ID is a cloud-based service for identity and access management. It consists of a database storing user details and permissions. Formerly, Azure AD provided services for authenticating and authorizing employees, allowing them to have secure access to approved IT resources. These resources include internal assets like intranet data and tools, as well as external ones like Microsoft 365 and various SaaS applications.

Microsoft Entra ID is not just a cloud-hosted version of AD. Instead, it's a unique solution integrated into the Microsoft Entra ID cloud platform. Moreover, on-premises Active Directory can coexist with Entra ID, creating hybrid AD environments.

In plain language, Entra ID makes it easy for your company's employees to securely access resources on different platforms, which is essential for keeping your organization safe.

What are the Features of Entra ID/Azure AD?

Access Management

Microsoft Entra ID offers safe and effortless application access from any location or device. Functionalities like Single Sign-On (SSO) and Multi-Factor Authentication (MFA) safeguard your resources by allowing only authorized users to log in.

Identity Protection

Microsoft Entra ID stands out for its robust identity protection functionalities. By leveraging sophisticated machine learning algorithms, it identifies possible identity-related risks and implements risk-based Conditional Access rules to address them. This proactive approach shields your organization from unauthorized login activities, thus ensuring the security of your confidential information.

Identity Governance

Microsoft Entra ID efficiently and securely oversees digital identities with its identity governance functionalities. It verifies individuals' appropriate access to specific resources, offers detailed visibility into access behaviors, and helps to quickly spot issues for fast action.

Privileged Managed Identities

Microsoft Entra ID enhances your authority over administrative duties and assets. These tools enable you to oversee, regulate, and supervise access to critical resources within your organization, minimizing security threats.

B2B and B2C Identity Services

Microsoft Entra ID caters to more than just internal users. It also provides identity services for business-to-business (B2B) and business-to-customer (B2C) scenarios. These services enable you to securely distribute your applications to partners and customers, ensuring controlled access permissions.

Microsoft Entra ID / Azure AD Pricing

The chosen service plan determines Microsoft Entra or Azure AD's cost. It follows a monthly per-user charging structure. Below is a summary of the AD Azure pricing for 2023:

Azure Active Directory Domain Services

Azure AD Domain Services pricing (Azure AD DS pricing) is based per hour and is determined by the SKU chosen by the tenant owner.

Service Plan Names

Since October 1, 2023, Azure AD has been renamed Microsoft Entra ID. The new service plans are Microsoft Entra ID Free, Microsoft Entra ID P1, and Microsoft Entra ID P2. Nevertheless, the functionalities in the existing Azure AD plans remain unchanged.

Starting Price

Different plans have varying starting price points. Microsoft enhances affordability by offering a free plan for Microsoft Entra ID. To fully understand the available plans, let's delve into the details of each one below.

Microsoft Entra ID Service Plans

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Like the solution name, the pricing plans of Azure AD underwent through a name change.


Azure AD Free -> Microsoft Entra ID Free


Azure AD Premium Plan 1 (included in Microsoft 365 E3) -> Microsoft Entra ID Plan 1 (included in Microsoft 365 E3)


Azure AD Premium Plan 2 (included in Microsoft 365 E5) -> Microsoft Entra ID Plan 2 (included in Microsoft 365 E5)


Azure Active Directory Premium P1 for government -> Microsoft Entra ID P1 for government
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If you're an Azure AD user, it's important to note that the inclusions on these service plans did not change, only the names. Now, let's discuss each service plan.
Below is an overview the Microsoft Entra ID Plans:

Microsoft Entra ID Free

Entra ID Free is an essential cloud directory for Office 365. It needs advanced features like entitlement and comprehensive device management beyond what Active Directory (AD) offers for Windows devices. It integrates AD users via Azure AD Connect and cloud sync, but deployment options are restricted. Organizations needing managed domain services without on-premises AD DS must opt for Azure AD DS.
However, it's crucial to understand that Entra ID Free isn't a full cloud substitute for on-premises Active Directory, particularly in managing systems running non-Windows operating systems.

Microsoft Entra ID Premium P1

You can obtain the Microsoft Entrata ID P1 independently. It's available as part of Microsoft 365 E3 for larger enterprises and Microsoft 365 Business Premium for smaller to medium-sized businesses. These packages also include versions without Microsoft Teams.

Microsoft Entra ID Premium P2

Microsoft Entra ID P2 is accessible independently or as part of Microsoft 365 E5 for enterprise users, including suite variants that do not feature Microsoft Teams.

Microsoft Entra ID Governance

Entra ID Governance offers advanced identity governance features tailored for customers using Microsoft Entra ID P1 and P2. Microsoft Entra P2 customers are eligible for special pricing on this service.

Unlock Expert Licensing Guidance for Your Needs

Licensing can be complex, especially for those unfamiliar with Entra ID. It recommends having team members who understand licensing intricacies to succeed.

This individual could be an internal team member or an external consultant. They must comprehend the workings and consequences of licensing decisions. Traditionally, such responsibilities seldom fell under IT's purview. The main factor is extensive knowledge of native Microsoft tools.

Implementing a robust Licensing Optimization Monitoring and Reporting Solution is crucial. It empowers IT professionals to proactively address the issue and collaborate with procurement on future purchasing strategies. The potential benefits are substantial, justifying the investment.

At ECF Data, we're dedicated to aiding your business's expansion. With the Entra ID's makeover, we offer continuous updates and assistance to help you harness this solution's benefits. Click below to arrange a free Q&A session, and our senior negotiation experts will promptly connect with you.

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