

The End of SharePoint OTP Sharing: Why Move to Kiteworks

Microsoft is retiring one-time-passcode external sharing in SharePoint and OneDrive and routing every external share through Entra B2B guest accounts. Kiteworks keeps SMS and email passcodes and shares externally without the guest-account sprawl or the per-guest governance meter.

GDPR

ISO 27001

HIPAA

CMMC 2.0

The Challenge

Microsoft is retiring SharePoint one-time-passcode (OTP) external sharing and moving external access in SharePoint and OneDrive to Entra B2B. New sharing already routes through Entra B2B, and in the October 2026 phase OTP is fully retired for most production tenants (GCC, GCC High, and DoD follow later). After that, ordinary sharing creates a guest identity in your Entra corporate directory for every external file, and recipients without a guest account lose access to existing links. Guests do gain Conditional Access, MFA, and audit, but every external recipient becomes a managed identity in your tenant, with the sprawl, friction, cost, and cleanup that follow. The change is mandatory.

The Solution

Kiteworks lets your people share files externally without minting a guest identity in your Entra corporate directory; external users are managed in Kiteworks' own directory instead. One-off recipients still authenticate with an SMS or email passcode, so passcode-based processes keep working. Every share is governed with expiration, least-privilege, and lifecycle cleanup, captured in one immutable audit log, and you control deployment and upgrades on-premises or in the cloud, with no per-guest governance meter. External collaboration becomes a governed, auditable workflow you own.

The Case for Moving

Keep OTP

SMS and email passcodes for processes that need them

No Sprawl

Share externally with zero new guest accounts in your Entra directory

Lower TCO

External users add no seat licenses, governance meter, or cleanup labor

How Kiteworks Answers Each Concern



Keep One-Time Passcodes

One-off or infrequent recipients authenticate with an SMS or email passcode, no account required, so passcode-based processes keep working after SharePoint's OTP sharing ends.



No Guest-Account Sprawl

External recipients reach shared data through Kiteworks with no guest account in your Entra corporate directory. They are managed in Kiteworks' own directory, so one-off shares leave no unmanaged identities in your tenant.



Lifecycle Governance, No Meter

Every share carries expiration, least-privilege, and built-in lifecycle cleanup, with central policy over who can share. None of it needs a per-guest governance license or a linked Azure subscription.

How Kiteworks Answers Each Concern



One Immutable Audit Log

A unified, standardized audit trail spans file sharing, email, and every channel, giving auditors complete data lineage and access history in one place.



Automated Compliance

Attribute-based policies enforce GDPR, ISO 27001, HIPAA, and CMMC 2.0 automatically, and automated reporting cuts audit-prep overhead by up to 90%.



You Own the Timeline

Deploy on-premises or in the cloud and control your own upgrade and maintenance windows, with no vendor-driven rollout changing your environment on a date you didn't pick.

What Changes for Your Team

External Sharing Stays in Microsoft 365

The Entra B2B guest-account model applies to every external share:

- ✓ OTP-only sharing retires in the October 2026 phase, forcing recipients to become guests
- ✓ A guest identity is created in your Entra corporate directory for each recipient
- ✓ Guest sprawl grows; many tenants already carry more guests than employees
- ✓ Automating guest cleanup runs on Microsoft's paid governance tier (about \$0.75/guest/month)
- ✓ OTP links stop working without warning
- ✓ The change is mandatory, and the B2B integration toggle is being removed

External Sharing Moves to Kiteworks

External collaboration becomes a governed workflow you control:

- ✓ One-off recipients keep email or SMS passcode access, no account needed
- ✓ Recipients reach data with no guest account in your Entra corporate directory
- ✓ Expiration, least-privilege, and lifecycle cleanup built in, no per-guest meter
- ✓ Central policy controls sharing and provides automatic expiration
- ✓ Stable, policy-based links with a complete audit trail
- ✓ You own the timeline and deployment, on-premises or cloud

The New Model's Hidden Cost and Labor

Guest sprawl is not free to manage. Automating cleanup (lifecycle workflows and guest-scoped governance) runs on Microsoft's paid Entra ID Governance tier at about \$0.75 per governed guest per month, with a linked Azure subscription and no free tier. Skip it, and expiration, reviews, and offboarding fall to admins by hand. Entra P1 (\$6 to \$7) and P2 (\$9 to \$10) also rose July 1, 2026.

Turn the SharePoint OTP deadline into a security upgrade.

www.kiteworks.com

Kiteworks



Kiteworks' mission is to empower organizations to effectively manage risk in every send, share, receive, and use of private data. The Kiteworks platform provides customers with a secure data exchange that delivers data governance, compliance, and protection in a unified control plane. Kiteworks unifies, tracks, controls, and secures sensitive data moving within, into, and out of their organization, significantly improving risk management and ensuring regulatory compliance on all private data exchanges. Headquartered in Silicon Valley, Kiteworks protects over 100 million end-users and thousands of global enterprises and government agencies.