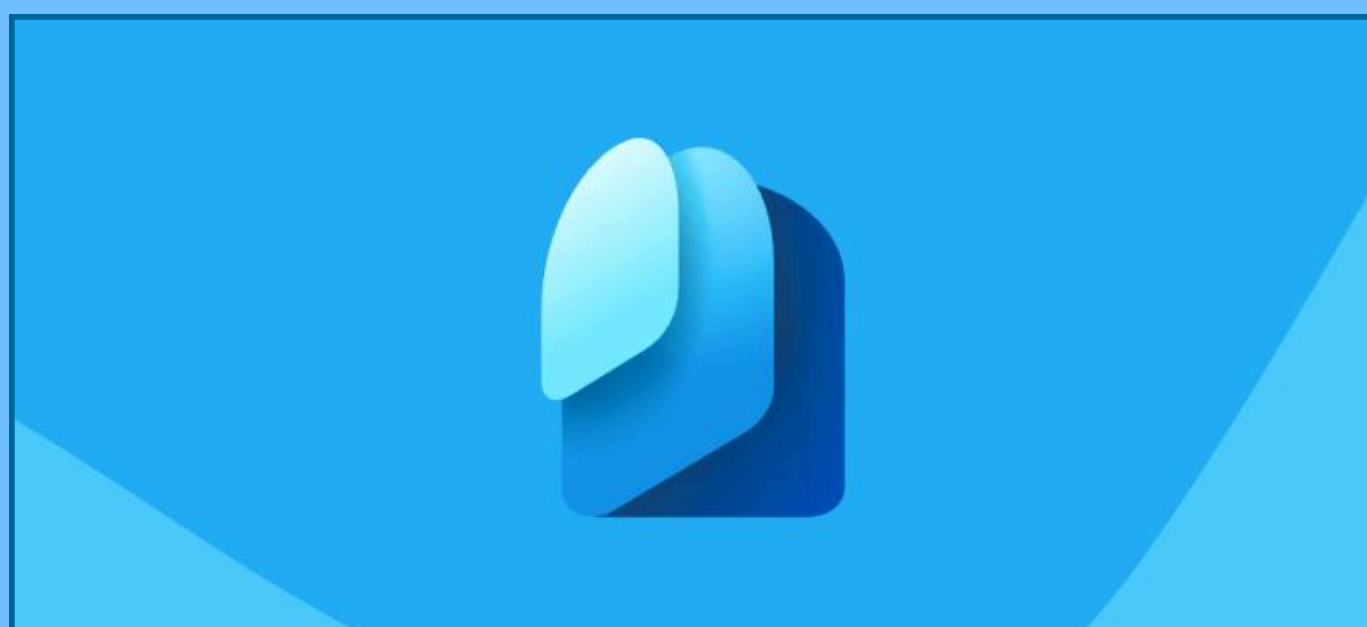


MICROSOFT ENTRA B2B REPLACES SHAREPOINT OTP: WHAT LEADERS MUST DO BEFORE AUGUST 2026

Your organization's external sharing practices are about to become significantly more secure, controlled, and professionally seamless.

Microsoft is retiring the legacy One-Time Passcode (OTP) method for SharePoint Online and OneDrive for Business. It is being replaced by Microsoft Entra B2B, bringing managed guest identities, stronger governance, and security aligned with modern Zero Trust standards.



Why This Upgrade Matters?

OTP was convenient but offered limited visibility and control making it increasingly difficult to meet compliance and security requirements, especially in regulated sectors like finance, pharma, healthcare, and professional services.

With Entra B2B:

- External users become managed guest identities
- You gain full visibility, auditing, and lifecycle control
- Security policies like MFA and Conditional Access are consistently enforced

2026 Transition Timeline

- Now until April 30, 2026: Manual enablement window - configure on your own schedule
- May 2026: Automatic rollout begins for all tenants
- July-August 2026: OTP retirement phase (existing OTP links will gradually stop working)
- By August 31, 2026: Full retirement of SharePoint OTP

Before vs. After

Aspect	Legacy OTP Sharing	New Entra B2B Integration
Authentication	One-time email code	Secure sign-in with Entra guest account
Security & Governance	Limited visibility & auditing	Full Conditional Access, MFA, and auditing
User Experience	Basic and inconsistent	Professional, branded, and consistent across M365
Compliance	Weaker controls	Strong alignment with regulated industry standards
Management	Manual and fragmented	Centralized guest lifecycle in Entra ID

Recommended Actions For A Smooth Transition

- Review external sharing policies and audit current guest users
- Update your domain allow/deny list for trusted partners
- Prepare frequent collaborators with a short communication and resharing of key content

Next Step: Reply to this email for a quick external sharing & governance review. We'll assess your current setup (including domains and policies), provide clear tailored recommendations, and help you enable Entra B2B before the April 30 deadline.

We're here to help you turn this important update into a real advantage for your organization.

Best regards,
Joel Plaut
Principal Architect, Reality Tech

