

CASE STUDY

IRS Selects Cayosoft to Modernize Its Microsoft Hybrid Identity Architecture

This large US federal agency chose Cayosoft to modernize their identity systems with performance and resiliency they could trust



Executive Summary

After nearly two decades of relying on legacy tools for Active Directory (AD) and identity management, the Internal Revenue Service (IRS)—one of the largest and most security-sensitive federal agencies—needed to modernize its identity infrastructure. Facing severe operational and budget scrutiny, stagnating legacy tools, increased complexity, and lackluster vendor support, the IRS launched a competitive evaluation and ultimately selected **Cayosoft's full suite** as its next-generation platform.

The need to modernize and reduce costs was the primary driver. Cayosoft offered a purpose-built hybrid identity solution, unmatched support for advanced features like virtual attributes, faster deployment, lower cost, and a product vision aligned with the agency's modernization goals. This case study explores why the IRS switched from Quest Software, what they gained with Cayosoft, and what lessons other government organizations can take from the decision.

Organization Profile: The IRS

The Internal Revenue Service (IRS) is the revenue service for the United States federal government, responsible for administering the Internal Revenue Code. It processes over 260 million tax returns annually, collects over \$4 trillion in tax revenue, and serves individual taxpayers and business entities.

- Employees: ~80,000
- Primary Systems: Active Directory, Microsoft Exchange, Microsoft 365
- IT Scope: Multi-forest AD environment supporting thousands of mission-critical applications and secure user identities across departments and geographies



For the IRS, security, efficiency, compliance, and stability are non-negotiable, particularly when managing digital identities that underpin access to financial systems, taxpayer data, and federal resources.

The Catalyst for Change

For years, the IRS used a suite of Quest Software legacy tools to manage its Active Directory environment. But over time, dissatisfaction grew. Keeping things running required heavy customization, frequent patching, overlapping synchronization services, and complex PowerShell scripting. It was labor intensive, time consuming and expensive.

The trigger: An internal audit by vendor management, questioning whether the continued use of legacy tools was justifiable. Maintenance and service costs continued to increase, yet the product failed to address the increasing complexity and security demands of the agency.

"We were approached by vendor management to justify our Quest spend. At first, I was offended—they've been our vendor forever. But once I took a fresh look at what was out there, I realized we were stuck in the past. I realized there was a superior solution for us"

— IRS Systems Architect

This moment forced the IRS team to reevaluate its legacy dependency. And what they found confirmed their suspicions:

- Legacy tools had not significantly evolved in recent years
- Support was slow and reactive
- Outages became more frequent
- Feature updates were minimal
- Costs kept rising
- Deployment complexity had grown

At the same time, the IT team knew that their hybrid Microsoft environment—spanning on-prem AD, Exchange, and Microsoft 365—demanded better. Cayosoft's unified management, automation without scripting, fast provisioning, and instant recovery was a complete solution they needed.

Evaluation Process: Modernization was at the core

When it came time to evaluate replacements, the IRS took a broad approach. The team consulted external analyst research and peer agencies and even tapped into AI platforms like ChatGPT to identify competitive options.

Three solutions made the shortlist:



Visually appealing, but lacking in under-the-hood flexibility



Good for small- to mid-sized deployments, but didn't meet enterprise requirements



Built for hybrid AD from the ground up, with deep automation, security, and virtual attribute support

What sets Cayosoft apart?

"It was the only platform that supported virtual attributes natively, along with the level of control we needed. That was a showstopper for us." – IRS IT Architect

When the team contacted Quest directly and asked how their tools compared to Cayosoft, they were met with resistance and silence.

"They wouldn't answer our comparison questions. And when I mentioned that Bob Bobel, Dmitry Sotnikov, and Andrey Polevoy—former Quest product leadership—were now at Cayosoft, the room went silent. That spoke volumes."

Implementation and Migration

The IRS prioritized minimal disruption during the transition. Legacy environments were known for their messy configurations that required extensive scripting and sync tools. Cayosoft, by contrast, offered a modern, agentless architecture explicitly designed for secure, hybrid-ready deployment.

Key Deployment Benefits:

- Unified Web-Based Console for AD, Exchange, Entra ID, and Microsoft 365
- No Additional Sync Layer Required (unlike Quest's overlap with Azure AD Connect)
- Declarative Rule-Based Automation replacing PowerShell scripts
- Real-Time Change Auditing and Rollback with Cayosoft Guardian
- Instant Forest Recovery with a clean stand-by, so there's no chance for re-infection

"The migration was smoother than we expected. Cayosoft's team was engaged, transparent, and responsive. The product just worked—without us needing a team of consultants or a year-long rollout."

Business Outcomes

1. Improved Operational Efficiency

The switch to Cayosoft led to a dramatic simplification of identity lifecycle management:

- Legacy scripts and custom workflows eliminated
- Dozens of manual steps collapsed into rule-based automation
- Over 80 legacy policies reduced to just two Cayosoft rules

This directly translates to lower administrative burden and faster ticket resolution across IT support tiers.

2. Enhanced Security and Compliance

With Zero Trust delegation, RBAC enforcement, and built-in audit trails, Cayosoft significantly raised the security baseline.

- Virtual Organizational Units (vOUs) provided safe delegation without domain admin rights
- Immutable auditing and alerting ensured compliance with federal standards like FISMA, NIST, and IRS Publication 1075
- Instant rollback capabilities reduced risk during misconfigurations or unauthorized changes

"We needed to be 100% confident in our security posture. Cayosoft gave us that."

3. Faster User Onboarding and User Deprovisioning

The IRS streamlined provisioning and license assignment across both on-prem and cloud environments using HR-driven automation and dynamic role-based logic.

- New hires are productive on day one
- Departing users are deprovisioned instantly and securely
- Office 365 licenses are reclaimed automatically

4. Cost Reduction and Simplified Licensing

Cayosoft replaced multiple legacy tools with one platform, eliminating overlapping software, sync engines, and hidden licensing fees.

- 40% reduction in operational costs
- No private equity-driven license audits or surprise renewals
- Predictable pricing and in-product upgrades

Strategic Impact

More than a simple tooling upgrade, the IRS's switch to Cayosoft represents a broader trend among federal agencies: moving away from outdated, inflexible, and overpriced legacy tools in favor of modern, hybrid-native platforms.

Key Lessons for Government Agencies:

- **Don't accept stagnation:** Just because a tool has been used for decades doesn't mean it's still the right fit.
- **Innovation matters:** Agencies must adopt modern tools that evolve with hybrid IT requirements.
- **Security is baked in, not bolted on:** Cayosoft's Zero Trust delegation, compliance reporting, and instant recovery features were not afterthoughts, they were central to the architecture.
- **Total Cost of Ownership (TCO) is more than license cost:** Quest's complexity, consulting needs, and poor support created hidden costs that Cayosoft eliminated.
- **People matter:** Cayosoft's leadership team, technical partnership and innovative approach earned trust where Quest faltered.

"This was about more than replacing a vendor. It was about evolving our identity infrastructure to meet the next decade's challenges. Cayosoft is something we can build on."

Modern versus Legacy at-a-glance

Feature	Cayosoft	Legacy
Hybrid Microsoft Management	Built from the ground up	Bolt-on hybrid support
Automation	Declarative, script-free	PowerShell-heavy
Security & Delegation	Zero Trust, vOUs	Complex AD permissions
Instant Recovery	Forest-wide recovery in minutes	Manual, batch recovery
Customer Support	Direct, transparent, fast	Known delays, upsells
Licensing	Transparent, all-in-one	Fragmented, audit-prone

They Chose a Partner

The IRS switched to Cayosoft for one simple reason: **it was the best tool for where they are and what's next.**

If the IRS—a massive, regulated, and security-sensitive organization—can break free from 20 years of legacy vendor lock-in, so can others.

Ready to modernize and build resiliency?

Join the growing list of federal, state, and enterprise customers switching to Cayosoft. Schedule a demo and see why Cayosoft is the future of hybrid Microsoft identity management.

[Request a Demo](#)