In Microsoft Azure, SKU stands for "Stock Keeping Unit." SKUs are used to uniquely identify and manage the different variations of products and services offered within the Azure ecosystem. SKUs help Azure users identify and select the specific features, performance levels, and pricing options that best suit their needs.

Each Azure service typically has multiple SKUs corresponding to different tiers, performance levels, and pricing models. For example, Azure Virtual Machines (VMs) have different SKUs based on factors such as the VM size, compute power, memory, storage type, and region.

When provisioning resources in Azure, users often need to specify the desired SKU to ensure they get the appropriate level of performance and features for their workload. SKUs also play a crucial role in determining the cost of using Azure services, as pricing varies based on the selected SKU.

Overall, SKUs simplify the process of selecting and managing Azure resources by providing a standardized way to identify and differentiate between the various options available for each service.