

Microsoft ADC Cybersecurity Skilling Program

Week 9 Lab Assignment

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Introduction

This lab series focuses on implementing robust security measures for data stored in Azure SQL Databases using Azure Key Vault. The exercises guide users through practical steps to configure, manage, and validate encryption of sensitive information by integrating Azure services. Starting with the provisioning of necessary Azure resources and enabling transparent data encryption, the lab progresses to configuring Always Encrypted with customer-managed keys stored in Azure Key Vault. Finally, it demonstrates how a data-driven application can interact with the encrypted database, securely retrieving and handling protected data using secure connection strings and application credentials. The hands-on experience gained through these tasks equips users with the skills required to secure SQL data in cloud environments using modern encryption and identity management techniques. The tasks you need to complete will include:

- Exercise 1: Deploy the base infrastructure of an Azure VM and an Azure SQL database from an ARM template
- Exercise 2: Configure the Key Vault resource with a key and a secret
- Exercise 3: Configure an Azure SQL database and a data-driven application
- Exercise 4: Demonstrate the use of Azure Key Vault in encrypting the Azure SQL database

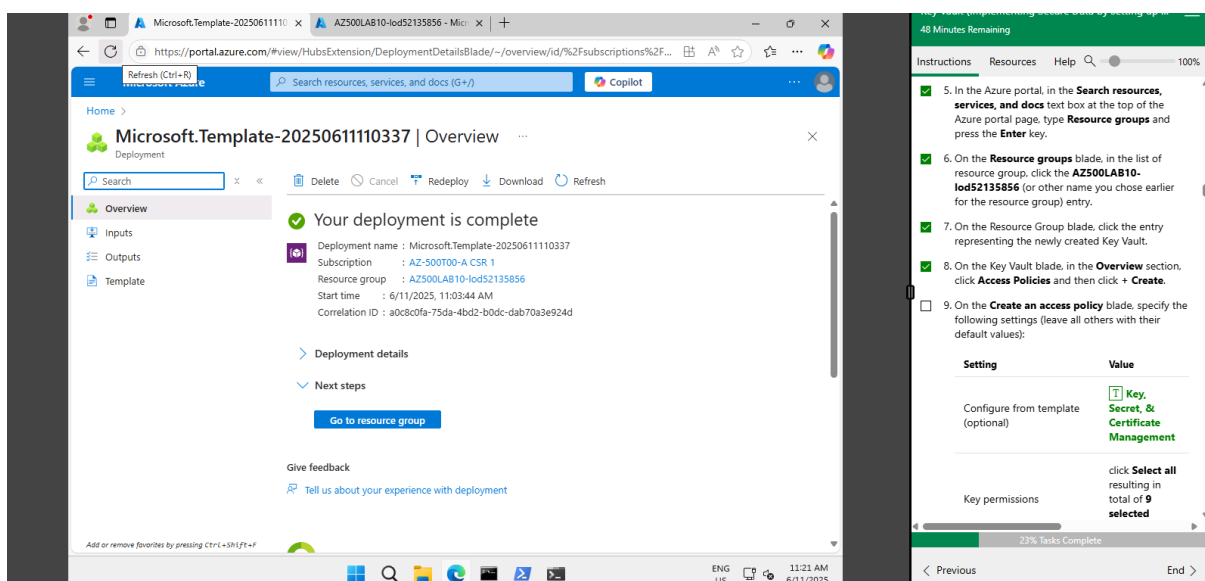
Tasks:

Exercise 1: Deploy the base infrastructure of an Azure VM and an Azure SQL database from an ARM template

In this first exercise, the main task is to automate the deployment of a virtual machine (VM) and Azure SQL Database using an Azure Resource Manager (ARM) template. The lab begins with signing in to the Azure portal, navigating to the custom deployment blade, and uploading the provided JSON template file (az-500-10_azuredeploy.json). This ARM template automatically provisions a virtual machine pre-installed with Visual Studio 2019 and SQL Server Management Studio 19 essential development tools needed for managing and interacting with Azure SQL Database. The VM and other resources are deployed in the East US region, as per lab instructions.

The custom deployment scope is then defined, which includes selecting the appropriate subscription, existing resource group (AZ500LAB10-lod52071852), and user credentials. After reviewing and confirming the settings, I clicked “Create” to initiate deployment. This automated method saves time and ensures consistency by predefining the resources and configurations required for the lab. The deployment process, however, takes around 20–25 minutes.

While the ARM template deploys the infrastructure in the background, this setup plays a critical foundational role. It ensures that all tools are ready for subsequent exercises involving Azure Key Vault and SQL database encryption. By using automation instead of manual setup, this exercise reinforces best practices in cloud infrastructure management, emphasizing repeatability, scalability, and compliance.



Exercise 2: Configure the Key Vault Resource with a Key and a Secret

The second exercise focuses on creating and configuring an Azure Key Vault, which acts as a secure storage location for encryption keys and sensitive information like passwords. It begins by launching Azure Cloud Shell and using PowerShell commands to create a Key Vault in their existing resource group. The vault name must be unique, and its location matches the rest of the resources (East US). After creating the vault, return to the Azure portal to configure access policies. These permissions grant their user account the ability to manage keys, secrets, and certificates—critical for the security configuration in later steps.

Next, I used PowerShell again to add a key to the Key Vault, specifically named MyLabKey. This key is software-protected and will be used to enable column-level encryption in the Azure SQL database. I verified the key's existence and retrieve its key identifier (URI), which is essential when binding the key to encrypted columns. Understanding the key structure and versioning prepares to manage key lifecycle operations in real-world scenarios.

Lastly, I add a secret to the Key Vault, representing a sample SQL password (SQLPassword). This is achieved by creating a secure string variable and setting it in the vault using PowerShell. The secret is also verified and its version examined in the Azure portal. This step demonstrates how secrets can be securely stored and retrieved by authorized applications, paving the way for secure authentication without hardcoding credentials. Overall, this exercise teaches foundational concepts in secure key and secret management using Azure Key Vault.

The screenshot displays the Azure portal interface. On the left, the Azure Cloud Shell terminal is open, showing PowerShell commands and their output for creating a Key Vault. The commands used are:

```
PS /home/labuser-52135856> $kvName = 'az500kv' + $(Get-Random)
PS /home/labuser-52135856> $location = (Get-AzResourceGroup -ResourceGroupName 'AZ500LAB10-lod52135856').Location
PS /home/labuser-52135856> New-AzKeyVault -VaultName $kvName -ResourceGroupName 'AZ500LAB10-lod52135856' -Location $location -DisableBacAuthorization
```

The output shows the Key Vault details:

```
Vault Name           : az500kv1180406267
Resource Group Name  : AZ500LAB10-lod52135856
Location             : eastus
Resource ID          : /subscriptions/25761271-1ab0-4f3c-8ef1-be9b5ddede1d/resourceGroups/AZ500LAB10-lod52135856/providers/Microsoft.KeyVault/vaults/az500kv1180406267
Vault URI            : https://az500kv1180406267.vault.azure.net/
Tenant ID            : 8eb87abe-8055-4135-b69d-f19c799ec045
SKU                  : Standard
Enabled For Deployment? :
Enabled For Template Deployment? :
Enabled For Disk Encryption? :
Enabled For RBAC Authorization? : False
Soft Delete Enabled? : True
Soft Delete Retention Period (days) : 90
```

On the right, the Azure portal shows the 'Key vault (unimplementing secure data by setting up ...)' resource page. The 'Instructions' tab is active, displaying a list of tasks to complete:

- Task 1: Create and configure a Key Vault
- Task 2: Add a key to the Key Vault
- Task 3: Add a secret to the Key Vault

The 'Task 1: Create and configure a Key Vault' task is currently selected, and the progress bar indicates 19% completion.

Microsoft Azure portal showing the 'Access policies' page for the key vault 'az500kv1180406267'. The page displays a table of access policies, including a policy for 'USER' (LabUser-52135856) with permissions for 'Get, List, Update, Create, ...'. A notification indicates that the key vault has been successfully updated.

Key vault (implementing Secure Data by Setting up ...)

Instructions Resources Help 100%

Key permissions total of 9 selected permissions

Key permissions/Cryptographic Operations click Sign resulting in total of 1 selected permissions

Secret permissions click Select all resulting in total of 7 selected permissions

Certification permissions click Select all resulting in total of 15 selected permissions

Select principal click None selected, on the Principal blade, select your user account, and click Next

24% Tasks Complete

Previous End

Microsoft Azure portal showing the 'Keys' page for the key vault 'az500kv1180406267'. The page displays a table of keys, including a key named 'MyLabKey' with status 'Enabled'. Below the table, the 'Generate/Import' section is visible, showing the 'Version' and 'Id' of the key.

Key vault (implementing Secure Data by Setting up ...)

Instructions Resources Help 100%

identifier: powershell \$key.key.kid

6. Minimize the Cloud Shell pane.

7. Back in the Azure portal, on the Key Vault blade, in the **Objects** section, click **Keys**.

8. In the list of keys, click the **MyLabKey** entry and then, on the **MyLabKey** blade, click the entry representing the current version of the key.

Examine the information about the key you created.

You can reference any key by using the key identifier. To get the most current version, reference `https://(key_vault_name).vault.azure.net/keys/M` or get the specific version with: `https://vault.azure.net/keys/MyLabKey/(key_ver`

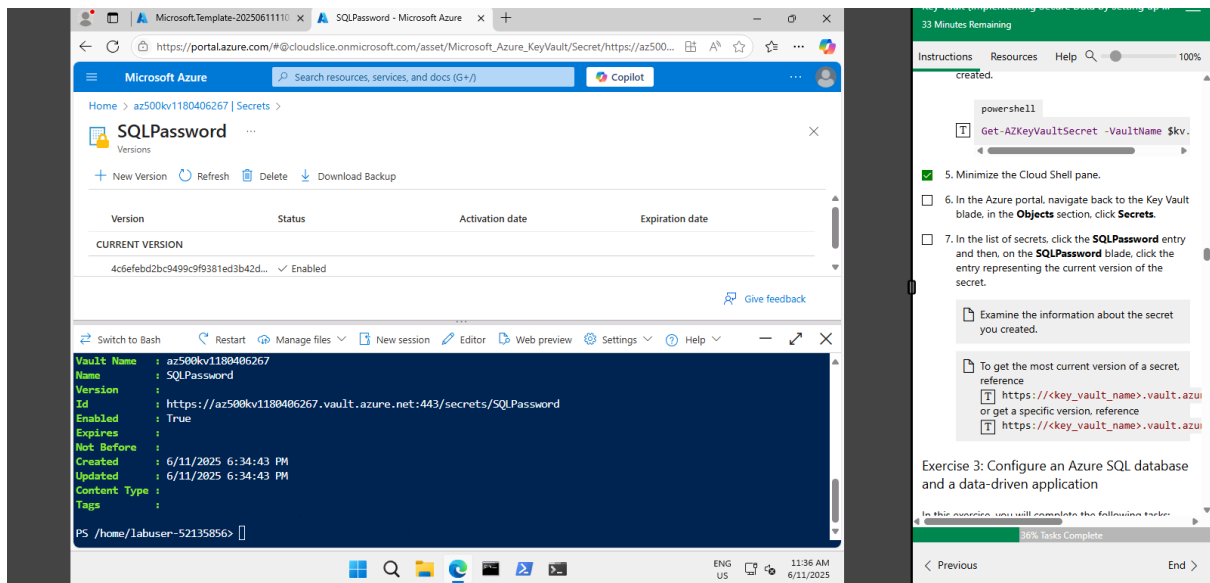
Task 3: Add a Secret to Key Vault

1. Switch back to the Cloud Shell pane.

2. In the PowerShell session within the Cloud Shell

31% Tasks Complete

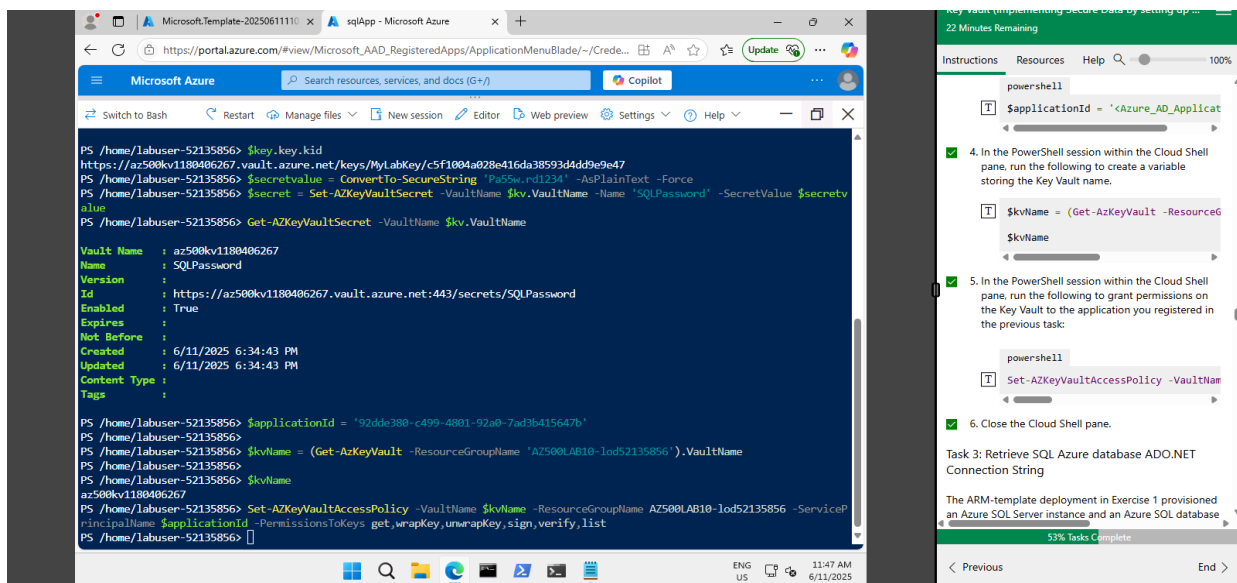
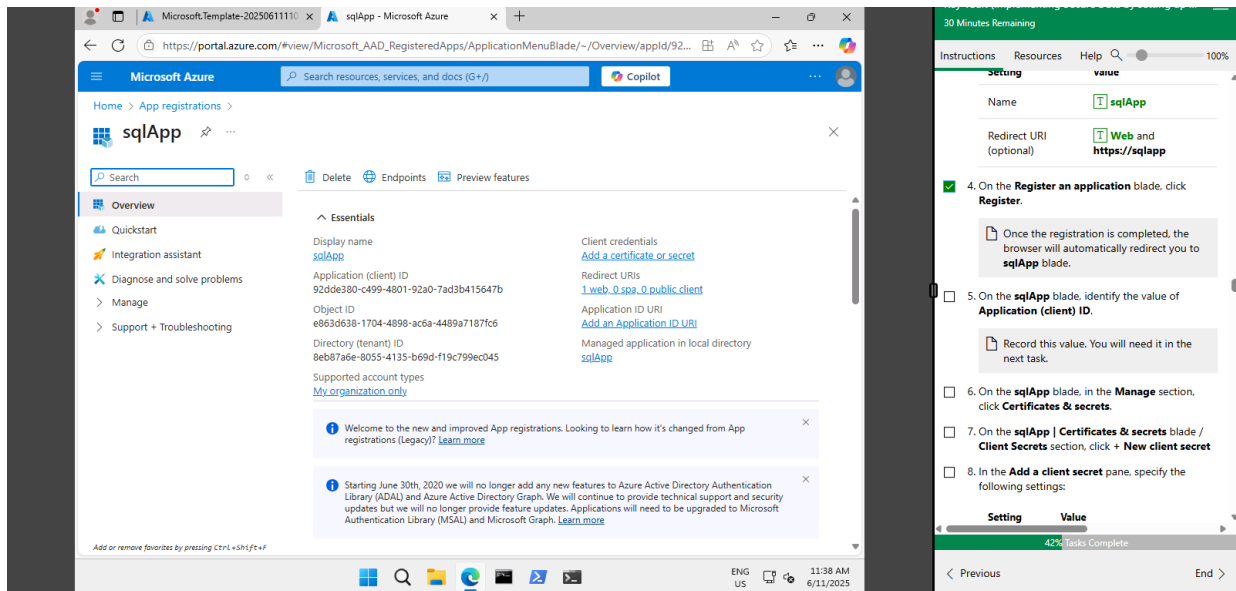
Previous End



Exercise 3: Configure an Azure SQL Database and a Data-Driven Application

In this exercise, the focus shifts to linking the Azure SQL Database with an application and enabling encryption using Azure Key Vault. First, I registered a new application (sqlApp) in Microsoft Entra ID (formerly Azure Active Directory), which will represent the data-driven app requiring database access. They record the Application (client) ID and generate a client secret for authentication. This registration ensures secure access to Azure services via identity-based control, instead of hardcoded credentials.

After app registration, I create a policy to allow the registered app to access the Key Vault. This involves assigning the necessary permissions (to use the stored keys and secrets) using access policies in the Key Vault's settings. These permissions enable the application to interact with the vault securely at runtime critical for managing encrypted database columns. Additionally, I retrieved the ADO.NET connection string for the Azure SQL Database, which will be used later when configuring the .NET application.



Microsoft Azure portal showing the connection strings for the 'medical' SQL database. The page displays the ADO.NET connection string and the ADO.NET (SQL authentication) connection string. The ADO.NET (SQL authentication) connection string is highlighted and copied.

ADO.NET (SQL authentication)

```
Server=tcp:sqlserverj4eslz5aef4.database.windows.net,1433;Initial Catalog=medical;Persist Security Info=False;User ID=Student;Password=[your_password];MultipleActiveResultSets=False;Encrypt=True;TrustServerCertificate=False;Connection Timeout=30;
```

Download ADO.NET driver for SQL server

Instructions for Task 4: Log on to the Azure VM running Visual Studio 2019 and SQL Management Studio 19. The instructions include a list of steps to follow, such as clicking on the 'Connection strings' link and recording the ADO.NET (SQL authentication) connection string.

Task 4: Log on to the Azure VM running Visual Studio 2019 and SQL Management Studio 19

In this task, you log on to the Azure VM, which deployment you initiated in Exercise 1. This Azure VM hosts Visual Studio 2019 and SQL Server Management Studio 19.

Before you proceed with this task, ensure that the

SQL Server Enterprise console showing the 'Master Key Configuration' dialog box. The dialog box is used to generate a new column encryption key, which is stored outside of the database. The 'Select column master key' dropdown is set to 'Auto generate column master key'. The 'Select the key store provider' dropdown is set to 'Azure Key Vault'. The 'Sign Out' button is visible.

Master Key Configuration

To generate a new column encryption key, a column master key must be selected to protect it. The column master key is stored outside of the database.

Select column master key:

Auto generate column master key

Select the key store provider:

Windows certificate store

Azure Key Vault

You are signed in as LabUser-52139866@cloudslice.onmicrosoft.com. [Change user](#)

Sign Out

Select a subscription to use:

AZ-500T00-A CSR 3 (dfc022d8-c80d-473f-839e-49b382678beb)

Select an Azure Key Vault:

az500kv1646781121

Instructions for Exercise 4: Demonstrate the use of Azure Key Vault in encrypting the Azure SQL database. The instructions include a list of steps to follow, such as clicking on the 'Sign in' button and clicking on the 'Next' button.

Exercise 4: Demonstrate the use of Azure Key Vault in encrypting the Azure SQL database

Azure Key Vault: click **Sign in**, when prompted, authenticate by using the same user account you used to provision the Azure Key Vault instance earlier in this lab, ensure that that Key Vault appears in the **Select an Azure Key Vault** drop down list, and click **Next**.

17. On the **Run Settings** page, click **Next**.

18. On the **Summary** page, click **Finish** to proceed with the encryption. When prompted, sign in again by using the same user account you used to provision the Azure Key Vault instance earlier in this lab.

19. Once the encryption process is complete, on the **Results** page, click **Close**.

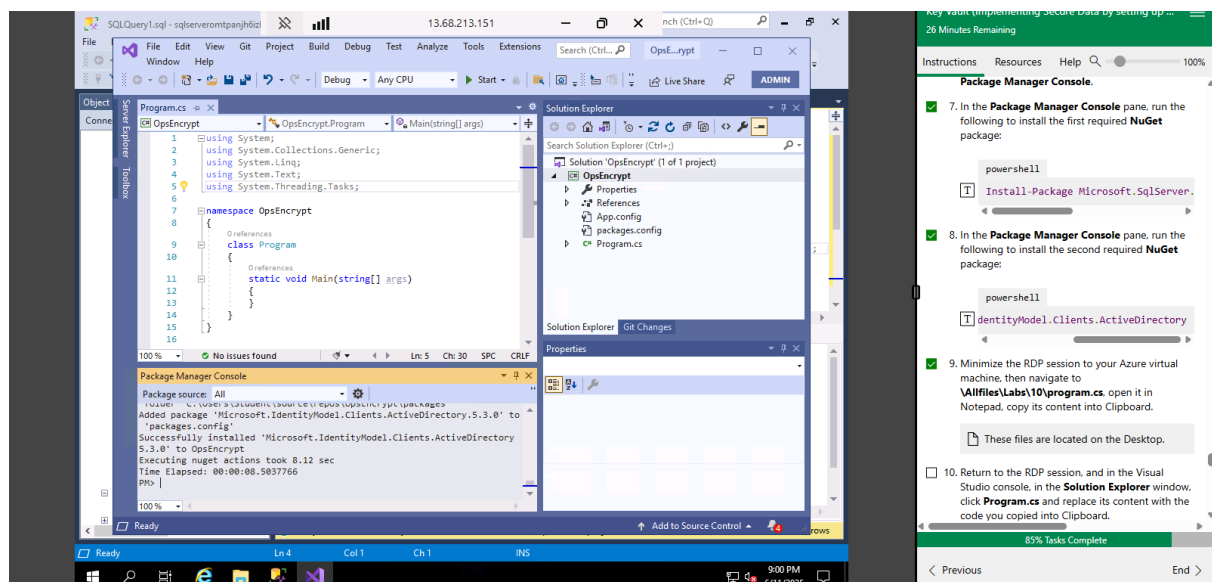
20. In the **SQL Server Management Studio** console, in the **Object Explorer** pane, under the **medical** node, expand the **Security** and **Always Encrypted Keys** subnodes.

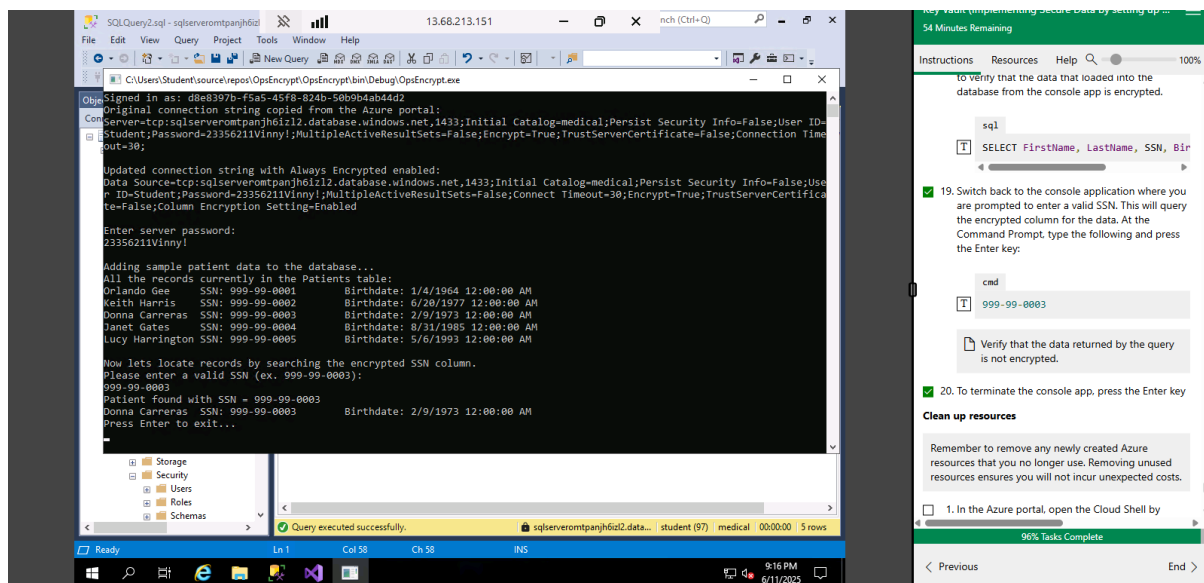
The **Always Encrypted Keys** subnode contains the **Column Master Keys** and **Column Encryption Keys** subfolders.

Exercise 4: Demonstrate the use of Azure Key Vault in encrypting the Azure SQL database

Finally, I remotely access the Azure VM that was provisioned earlier. Inside the VM, using SQL Server Management Studio, they create a table in the Azure SQL Database and select specific columns for Always Encrypted configuration (e.g., columns storing sensitive data like SSNs or credit card numbers). This process integrates the Key Vault key created in Exercise 2, ensuring that data in these columns remains encrypted at all times—at rest, in transit, and even during query operations. This hands-on implementation of Always Encrypted completes the secure data handling workflow in a cloud-based application environment.

In the fourth exercise, the task involved demonstrating how to use Azure Key Vault to encrypt sensitive data stored in an Azure SQL Database using a data-driven console application. This was done by creating a C# .NET Framework console app in Visual Studio 2019 on an Azure virtual machine, installing necessary NuGet packages for Azure Key Vault and Active Directory integration, and using a sample program (program.cs) that was configured with a valid ADO.NET connection string, application client ID, and key value from Azure. Once configured, the application was run to securely load data into encrypted columns in the database. Verification of encryption was done using SQL Management Studio by querying the encrypted table and observing that sensitive data (like SSNs) appeared encrypted. When queried through the application with a valid SSN, the same encrypted data was retrieved in decrypted form, showing secure access via Key Vault. The exercise concluded with resource cleanup using PowerShell in Azure Cloud Shell to avoid unnecessary charges.





Conclusion

Through these exercises, a complete workflow for securing sensitive data in Azure SQL databases using Azure Key Vault was successfully implemented and tested. From initial setup and configuration of the Azure environment to enabling Always Encrypted and securely accessing encrypted columns via a console application, the lab provided real-world insights into enterprise-grade data protection strategies. This reinforced the importance of key management, secure application access, and the role of encryption in safeguarding data against unauthorized access. Additionally, the cleanup of unused resources ensured cost-effective and responsible Azure usage. Overall, the exercises enhanced understanding of integrating Azure Key Vault with SQL databases and prepared users to apply these skills in production environments.