



CUSTOMER CASE STUDY

IT-AS-A-SERVICE CUTS COINSTAR SPEND BY 40%

Migration from legacy colocation gear to VMware Dedicated vCenter and Hosted SAP services helps Coinstar cut IT costs and transform their IT service approach.

BUSINESS

Coinstar is one of the world's largest fully automated networks of self-service kiosks for converting change into cash, e-giftcards or charitable donations.

CHALLENGES

Separate IT services from its parent company and transition to a more modern, scalable managed environment while achieving cost savings.

SOLUTION

Rackspace Private Cloud, Dedicated VMware vCenter®, Colocation, Professional Services, RackConnect®, Hosted SAP

OUTCOME

By leveraging Rackspace's unique IT-as-a-Service model, Coinstar reduced IT spend by 40% and restructured their IT delivery approach, reduced application support burdens and successfully managed a large-scale migration.



About 25 years ago, Jens Molbak, then a graduate student at Stanford University, struggled to find a convenient way to cash in change – so he created one. Today, his green Coinstar self-serve kiosks allow thousands of consumers to turn their change into dollars every day.

Since its inception, Coinstar has grown across the U.S. and into the U.K., and there are plans to expand into Spain, France, Italy, Germany and Japan this year. Concurrently, the company is focusing on another underserved population of cash-based users who want access to services like bill payment and check cashing.

Following a corporate split, the Coinstar IT team needed to find a way to plan and execute a large-scale migration project while empowering their core business to operate as efficiently as possible with a smaller team.

THE CATALYST FOR A NEW IT APPROACH

The acquisition of Outerwall resulted in a three-way split of IT teams from Outerwall into Redbox, ecoATM and Coinstar. After the split, Coinstar was left with a team of eight employees supporting a legacy colocation environment that was plagued with old contract relationships that had exceeded their initial hardware maintenance contract terms. “Literally, when devices failed, we would have somebody drive from the office, down to the data center, and replace the device,” said Jason Friedlander, CTO at Coinstar. Realizing this model wasn’t sustainable, the company looked toward changing their IT service approach, migrating infrastructure and preparing for future growth.

“The Rackspace management approach brokered a lot of flexibility and increased availability of staff augmentation for me.”

JASON FRIEDLANDER :: CTO, COINSTAR

Instead of managing legacy servers and complex contracts, Coinstar wanted to reduce data center management burdens and enhance internal skill sets. Given the constraints of their existing business and some of the complicated aspects of their colocation devices— namely, the 3,000 modems that support their kiosks—they needed a managed services partner that could accommodate the size and complexity of their environment. “In terms of the providers that are able to manage an infrastructure as a service, and to accommodate bespoke needs, Rackspace sticks out as the clear leader in the space,” said Friedlander.

MANAGING A LARGE-SCALE MIGRATION

The separation of Outerwall properties required a large-scale migration. Due to old maintenance contracts, Coinstar was spending hundreds of thousands of dollars for their monthly IT needs (colocation, maintenance contracts, network) and were anxious to move into a more efficient, cost-effective environment.

Coinstar was already using VMware and had consistent usage patterns, so Rackspace Private Cloud Powered by VMware was the obvious choice. Working with Rackspace, they opted to use the dedicated vCenter offering for the fastest and most cost-effective path to get out of their existing colo environment. They also engaged the Rackspace Professional Services team for VMware SRM training so that the Coinstar team could complete the migration using their in-house team.

By working with Rackspace to design an optimal migration plan, Coinstar was able to execute the massive migration, which included 1,000 VMs powering everything from internal IT to back-end and kiosk-related critical applications, as well as the company website.

LEVERAGING THE EXPANDED RACKSPACE PORTFOLIO

As a result of the move, Coinstar has achieved independence from legacy systems, improved business operations and reduced IT costs. Rackspace helped Coinstar move its business operations out of legacy systems over a tight, five-month timeframe. This allowed Coinstar to leverage newer systems with more resources and lower maintenance costs, cutting monthly spending over the previous self-managed colo environment.

Post-migration, Coinstar faced an expiring Hosted SAP contract. Support from its previous provider was limited, rigid and expensive. Instead of re-signing, Coinstar sought out a lower cost option with the same service scope as their existing SAP services. Coinstar plans to leverage Hosted SAP with Basis and Functional Support at Rackspace. Rackspace support for SAP, a new offering resulting from Rackspace’s recent acquisition of Tricore, provides a simplified support system with no hidden fees. The new service will not only save Coinstar thousands each month in support costs, but will also streamline management from juggling three different entities for service delivery down to one relationship with Rackspace.

With Rackspace, Coinstar can consolidate services with one provider and eliminate common billing and support issues that arise with managing multiple providers for infrastructure and applications. “The Rackspace management approach brokered a lot of flexibility and increased availability of staff augmentation from me. We’re saving 40% over our previous spend with a lot of other pluses to our partnership,” said Friedlander.

“In terms of the providers that are able to manage an infrastructure as a service and to accommodate relatively bespoke needs, Rackspace sticks out as the clear leader in the space.”

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ABOUT RACKSPACE

Rackspace, the #1 managed cloud company, helps businesses tap the power of cloud computing without the complexity and cost of managing it on their own. Rackspace engineers deliver specialized expertise, easy-to-use tools, and Fanatical Support® for leading technologies developed by AWS, Google, Microsoft, OpenStack, VMware and others. The company serves customers in 150 countries, including more than half of the FORTUNE 100. Rackspace is a leader in the 2017 Gartner Magic Quadrant for Public Cloud Infrastructure Managed Service Providers, Worldwide, and has been honored by Fortune, Forbes and others as one of the best companies to work for.

Learn more at www.rackspace.com or call us at **1-800-961-2888**.

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RAS-CCS-Coinstar-8837-v01

NOVEMBER 1, 2017

