

A woman with dark hair and glasses is holding a clear glass jar with a metal clasp lid. The jar is filled with various coins, including quarters and pennies. She is wearing a light-colored, ribbed t-shirt. The background is softly blurred.

**rackspace**

Customer Case Study – Financial

# Coinstar streamlined delivery and cut costs by 40%

Migration from legacy colocation gear to VMware Dedicated vCenter and Hosted SAP services helped Coinstar cut IT costs by 40% and transform its IT service approach.

## Our customer

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.

## The obstacles they faced

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

## How we helped

IT Transformation; Rackspace Colocation; Managed Hosting; Managed Multi-Cloud - RackConnect® Global; Managed Hybrid Cloud - Dedicated Servers; Managed Private Cloud - VMware®; Professional Services - Application Services / DevOps; Productivity and Collaboration; SAP ERP

## What we achieved together

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





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**Jason Friedlander**  
CTO, Coinstar

## World’s largest network of self-service change-converting kiosks

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. Concurrently, the

company is focusing on another underserved population of cash-based users who want access to alternative financial services like bill payment.

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 its IT service approach, migrating infrastructure and preparing for future growth.

## 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 its 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, the company opted to use the dedicated

vCenter offering for the fastest and most cost-effective path to get out of its existing colo environment. It also engaged the Rackspace Professional Services team for VMware SRM training so that the Coinstar team could complete the migration using its 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 its existing SAP services. Coinstar plans to leverage Hosted SAP with Basis and Functional Support at Rackspace.

Rackspace support for SAP provides a simplified support system with no hidden fees. The 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 percent 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.”*

Jason Friedlander  
CTO, Coinstar

## About Rackspace

At Rackspace, we accelerate the value of the cloud during every phase of digital transformation. By managing apps, data, security and multiple clouds, we are the best choice to help customers get to the cloud, innovate with new technologies and maximize their IT investments. As a recognized Gartner Magic Quadrant leader, we are uniquely positioned to close the gap between the complex reality of today and the promise of tomorrow. Passionate about customer success, we provide unbiased expertise, based on proven results, across all the leading technologies. And across every interaction worldwide, we deliver Fanatical Experience™ — the best customer service experience in the industry. Rackspace has been honored by Fortune, Forbes, Glassdoor and others as one of the best places to work.

Learn more at [www.rackspace.com](http://www.rackspace.com) or call **1-800-961-2888**.

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