

# COINSTAR

Rackspace helped Coinstar transform IT and cut costs by leading a migration from legacy colocation gear to VMware Dedicated vCenter and Hosted SAP services.

## BUSINESS

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

## CHALLENGES

Coinstar needed to reduce IT costs and deploy a more modern, scalable managed environment while separating IT services from its parent company.

## SOLUTION

Enterprise Resource Planning, Private Cloud, Managed Colocation, Professional Services, Migration

## PRODUCTS

VMware, Dedicated VMware vCenter®, RackConnect®, SAP ERP

## OUTCOME

By leveraging the Rackspace transformation-as-a-service model, Coinstar reduced overall IT spend by 40%, shaved its SAP hosting spend by 70%, streamlined its IT delivery approach, and successfully managed a large-scale migration.



## Rackspace Application Services Cuts Coinstar's SAP Costs by 70%

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 give thousands of consumers a convenient way to convert loose change into spendable cash.

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 execute a transformative large-scale migration project while empowering the core business to operate more efficiently with a smaller team.

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*“The solution at Rackspace is not only technically superior, and has a superior support model, but it also allowed us to save roughly 40% on the bottom line.”*

**JASON FRIEDLANDER :: CTO, COINSTAR**

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## 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. The new division, Coinstar, LLC, was already heavily invested in SAP, and decided to use it long term with some adjustments to right size the application for the new division. The SAP application supports multiple business units making it very complex requiring hard-to-find expertise to run. “We had to kind of re-look at the footprint that we have and the cost that was associated with it, so that we could make it more meaningful and affordable for Coinstar as a business going forward,” said Steve Richards, SAP Practice Lead at Coinstar.

After the split, the business was left with a smaller team to support its 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, Coinstar looked toward changing their IT service approach, migrating infrastructure and preparing for future growth.

Instead of managing legacy servers and complex contracts, Coinstar wanted to reduce data center management burdens and enhance internal skill sets. Given existing business constraints, the size of its environment and the complexity of its colocation devices – namely, the 3,000 modems that support its kiosks – the company needed a managed services partner with an exceptionally broad portfolio and deep experience and expertise. “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. “I think what makes Coinstar somewhat unique in terms of migration requirements is that we have a significant amount of co-located hardware that’s necessary to perform the functions of the business,” said Friedlander.

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

By leveraging Rackspace expertise in migration techniques and VMware technologies, Coinstar was able to design and execute a flawless migration. The final migration included many hundreds of terabytes of data and 1,000 VMs powering everything from internal IT to back-end and kiosk-related critical applications, as well as the company website.

## Leveraging Rackspace SAP Expertise

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 more agile, lower-cost option with the same service scope. “At the point that we agreed that Rackspace was the right move, we had 75 days to get moved before our contract expired with the previous provider,” said Richards.

Coinstar added 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. “We actually had 75 days to get out, and factor in that we also had the Thanksgiving holiday and the end of year holidays coming up. We actually finished and went live in 70 days. We finished 5 days early and everybody was celebrating through the holidays and able to get their holidays off as a result of the successful go live,” said Howard Hecht, Director of Customer Engagement for Rackspace Application Services. The new service will not only save Coinstar thousands each month in support costs, but it will also streamline management and provide much needed expertise to scale and run its complex SAP environment.

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**STEVE RICHARDS :: SAP PRACTICE LEAD, COINSTAR**

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“For me, one of the most encouraging things is the people that we’re working with at Rackspace. Being able to share the same challenges with people who really understand what’s behind them, especially in the SAP space, is a joy to work with day in and day out,” said Richards. He credits the Rackspace SAP team with helping to fill expertise gaps and help the Coinstar team in areas where it would like to grow and do new things, but lack the expertise. For example, when the company needed guidance on how to expand languages to attract a global audience, Richards recalled, “We reached out to the professional services folks and, in very short order, we had answers back to our problems that we could actually execute against.”

## Rackspace Partnership Delivers Measurable Results

The move fundamentally transformed Coinstar’s IT posture. The company has achieved independence from legacy systems, improved business operations and reduced IT costs. Rackspace helped Coinstar move business operations out of legacy systems on a tight timeframe. This allowed Coinstar to leverage newer systems with more resources, lower maintenance costs and cut monthly spending over the previous self-managed colo environment. With respect to their SAP spend alone, Richards shared, “When we took advantage of the things that Rackspace offered to us, we were actually able to take 70% of our cost out of the hosting that we had experienced previously.”

The breadth of Rackspace expertise enabled Coinstar to consolidate services and eliminate the billing and support issues that arise when multiple providers handle infrastructure and application needs. The reduced administrative burden allowed Coinstar to deliver services with a smaller team. “The solution at Rackspace is not only technically superior, and has a superior support model, but it also allowed us to save roughly 40% on the bottom line,” said Friedlander.

## ABOUT RACKSPACE

Rackspace is the #1 provider of IT as a service, in today's multi-cloud world. We deliver certified expertise and integrated managed services across public and private clouds, managed hosting and enterprise applications. Because Rackspace partners with the leading technology providers, including Alibaba®, AWS, Google, Microsoft®, OpenStack®, Oracle®, SAP® and VMware®, we are uniquely positioned to provide unbiased advice on the technologies that will best serve each customer's specific needs. Rackspace was named a leader in the 2017 Gartner Magic Quadrant for Public Cloud Infrastructure Managed Service Providers, Worldwide and has been honored by Fortune, Glassdoor and others as one of the best places to work. Based in San Antonio, Texas, Rackspace serves more than 150,000 business customers, including a majority of the Fortune 100, from data centers on five continents.

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

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