

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 MultiCloud – 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 Technology'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.



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

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 centre, and replace the device,” said Jason Friedlander, CTO at Coinstar. Realising 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 Technology, 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 Technology 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 Technology 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 Technology portfolio

As a result of the move, Coinstar has achieved independence from legacy systems, improved business operations and reduced IT costs. Rackspace Technology 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 Technology.

Rackspace Technology 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 Technology.

With Rackspace Technology, 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 Technology 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 Technology sticks out as the clear leader in the space.”

Jason Friedlander — CTO, Coinstar

About Rackspace Technology

Rackspace Technology is the multicloud solutions expert. We combine our expertise with the world’s leading technologies — across applications, data and security — to deliver end-to-end solutions. We have a proven record of advising customers based on their business challenges, designing solutions that scale, building and managing those solutions, and optimising returns into the future.

As a global, multicloud technology services pioneer, we deliver innovative cloud capabilities to help customers build new revenue streams, increase efficiency and create incredible experiences. Recognised as a best place to work, year after year, by Fortune, Forbes, Great Places to Work and Glassdoor, we attract and develop world-class talent to deliver the best expertise to our customers. Everything we do is underpinned by an obsession with our customers’ success — our Fanatical Experience™ — so they can work faster, smarter and stay ahead of what’s next.

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

This case study is for your informational purposes only. RACKSPACE MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS CASE STUDY. All customer examples and the information and results illustrated here are based upon the customer’s experiences with the referenced Rackspace services and are not necessarily indicative of the future performance of Rackspace services. Rackspace detailed services descriptions and legal commitments are stated in its services agreements. Rackspace services’ features and benefits depend on system configuration and may require enabled hardware, software or additional service activation. Actual cost of specific hosted environment and performance characteristics will vary depending on individual customer configurations and use case.

Copyright © 2020 Rackspace :: Rackspace®, Fanatical Support®, Fanatical Experience™ and other Rackspace marks are either registered service marks or service marks of Rackspace US, Inc. in the United States and other countries. All other trademarks, service marks, images, products and brands remain the sole property of their respective holders and do not imply endorsement or sponsorship

December 11, 2020 / Rackspace-Case-Study-Coinstar-ITT-TSK-3613