

**CASE STUDY: ICT INVESTOR****RACKSPACE - LEADING PROVIDER OF CLOUD COMPUTING CHOOSES SYDNEY**

*Rackspace was attracted to Sydney because the large number of established multinationals provided a pool of potential clients, and the city has a highly-skilled workforce.*

**ABOUT RACKSPACE**

Rackspace provides cloud computing, managed hosting and hosted email services. The services allow companies to outsource their IT infrastructure. This cuts the need for companies to make large up-front investments in IT hardware and data centres, and allows them to quickly up-scale or down-scale their IT needs.

As a leading provider of cloud computing, Rackspace clients include nearly half of the companies in the Fortune 100. Rackspace is now the world's largest provider of "managed hosting" (where each client uses a dedicated Rackspace server) and the world's second-largest provider of "public cloud" services (where clients have a secure connection to space on the Rackspace cloud).

Founded in Texas in 1998, Rackspace has more than 205 clients and 4,500 employees, and annual revenue of US\$1.3 billion. It has six offices around the world, in Austin TX and Blacksburg VA in the US, and London, Amsterdam, Hong Kong and Sydney.

**CUSTOMER SERVICE**

The dot com boom brought a large number of companies offering internet-based computing services, but many did not survive the crash of the late 1990s. Rackspace survived, and prospered, by focusing on customer service. Rackspace offers "Fanatical Support" 24 hours a day, 365 days a year. Angus Dorney, the Australia and New Zealand Director at Rackspace, said the company sees itself foremost as a service company.

"Technology can be confusing, especially around cloud computing. Customers need to know they will get the service, advice, and support that they need before making the leap

to having IT provided from a remote site instead of from an "in house" facility," Mr Dorney said.

"Our service is the reason our clients are so loyal. We rely on word of mouth referrals, and some of our clients have been with us for more than 10 years."

**CHOOSING SYDNEY**

With its focus on customer service, Rackspace aims to be able to meet its clients face-to-face.

NSW has the largest economy of any Australian state and is bigger than many national economies in the Asia Pacific, including Hong Kong SAR, Singapore, Malaysia, Thailand and New Zealand, so an office in Sydney provides



**The Rackspace data centre**



**The new state  
of business**

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# CASE STUDY

Rackspace direct access to a large pool of potential clients.

Sydney is also the Australasian base for the greatest number of multinational companies in Australasia, allowing Rackspace to support its global clients who have an office here.

Being close to clients offers other advantages. Locating servers closer to clients leads to faster connection speeds, which also raises the prominence of clients' websites on Google search results.

In the fast-growing cloud computing sector, IT companies find it a challenge to hire staff with the right skills. NSW has a highly-educated population, with 55 per cent holding tertiary qualifications, and a large number of IT graduates.

Sydney is a hub for Australasia, with more flights in and out of Sydney than any other city in Australia or New Zealand. An office in Sydney gives Rackspace easy access both to its Sydney-based clients, and to its clients who are located elsewhere in Australasia.

## SAFE JURISDICTION

Australia has a trusted legal system, with a rule-of-law that is open, fair and independent. By operating a data centre in NSW, Rackspace can provide certainty to local clients who may face concerns if their confidential client information is held in foreign jurisdictions.

## ASSISTANCE FROM NSW TRADE & INVESTMENT

As a NSW Government department, NSW Trade & Investment provides free, professional assistance to companies seeking to invest in NSW. NSW Trade & Investment assisted Rackspace by providing information on the local economy including market conditions, and government programs that support investment in NSW.

## HIGH GROWTH

In March 2012, Rackspace established a data centre in Sydney. Within 12 months, Rackspace built the IT architecture for its data centre and put it online. Staffing numbers grew from five to more than forty: most are highly-skilled in IT, and 90 per cent are Australian citizens employed locally, rather than recruited from overseas. Rackspace plans further growth for its Sydney office.



[www.rackspace.com.au](http://www.rackspace.com.au)



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