Brand Metrics Custom Survey

Analysis of Results

November 2017

Overview and Methodology

Objectives

RAX seeks to assess the impact of recent marketing (launched 10/3/16) on RAX brand awareness and perceptions.

Key Points that RAX is seeking to quantify:

- Change in core brand perceptions since the first tracking conducted in July 2015.
- Set new baselines in the new frame of reference – "services to manage your cloud and infrastructure needs".
- Recalled RAX media and respondent preferences

Qualifications

Respondents engaged for the survey had to meet the following criteria:

- Quotas set by Region, IT & LOB and Co Size (S, M, L)
- Deployed, planning or interested in 3rd party IT services in 6 specific market areas
- Influencers/decision makers

Methodology

- 2040 web-based surveys
- Global; 8 countries; 4 regions
- Approximately 20 minutes in length
- Data collection took place July/August 2017

Executive Overview

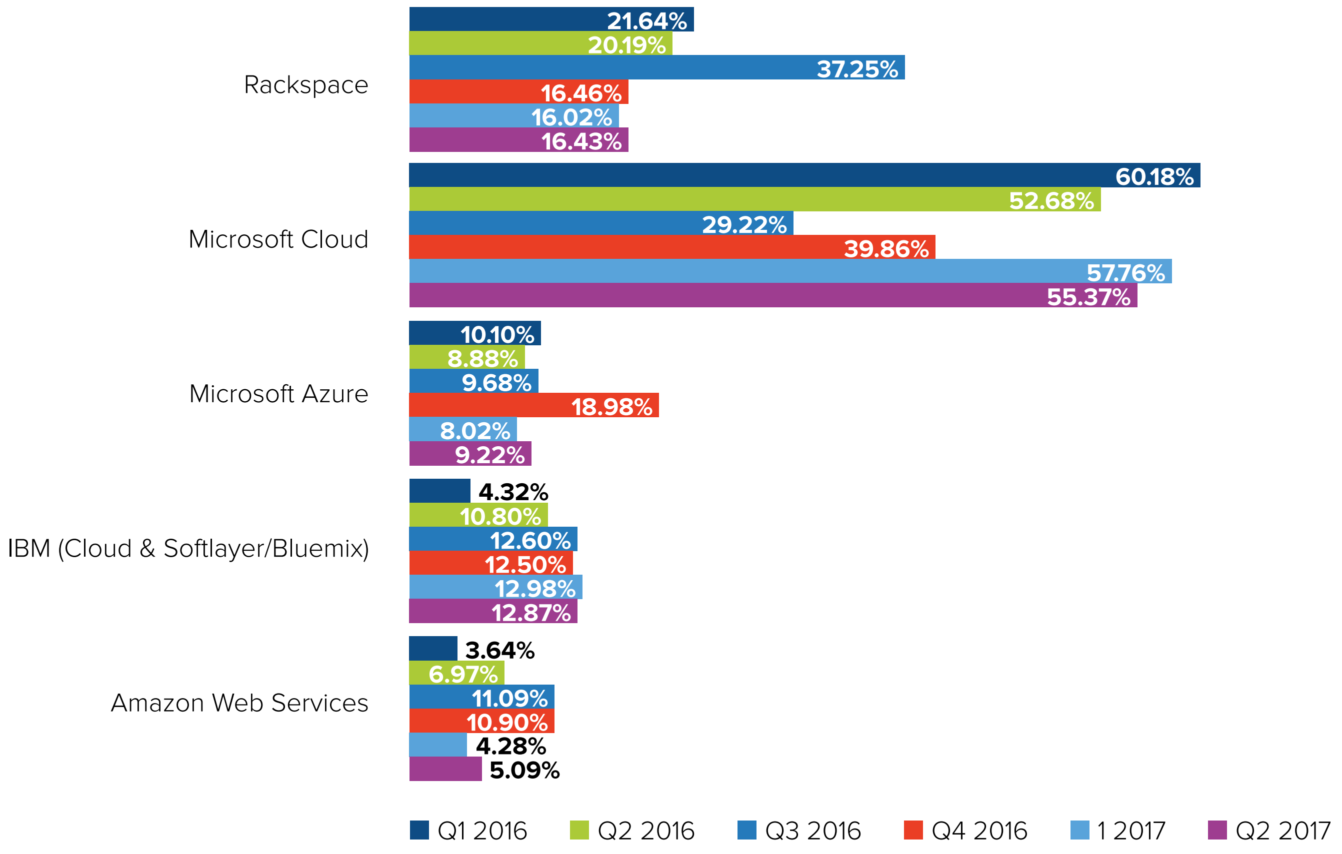
- Despite increases in spending, the Rackspace media budget has much smaller share of voice than higher spenders like Amazon, Microsoft or Google. Spending tied to their corporate brands drove awareness for them and kept our SOV low.
- Rackspace ranks 6th in overall awareness, but the acquisition of Datapipe moves combined brand awareness into 5th place.
  - » 3 of the 4 leaders are partners in addition to competitors
  - » In a category of giants, Rackspace is well positioned at the top of the second-tier companies to partner with clients across managed solutions

Awareness increases 13-18% in large and multi-cloud orgs when Rackspace acquires Datapipe.

- Rackspace Users are pivoting with our shift in perception to Managed Cloud (+16%)
  - » Those with limited cloud deployments more likely to associate us with Dedicated Hosting
  - » Those with multiple cloud deployments more likely to associate us with Private and Public Cloud Services
- One out of four respondents aware of Rackspace are not moving down the funnel. Need to be aggressive driving consideration.
- Midmarket Industrial Segment ($1.1B TAM) has higher than average levels of awareness, consideration, and usage of Rackspace. MM Retail and Govt. show high awareness, representing key opportunities.

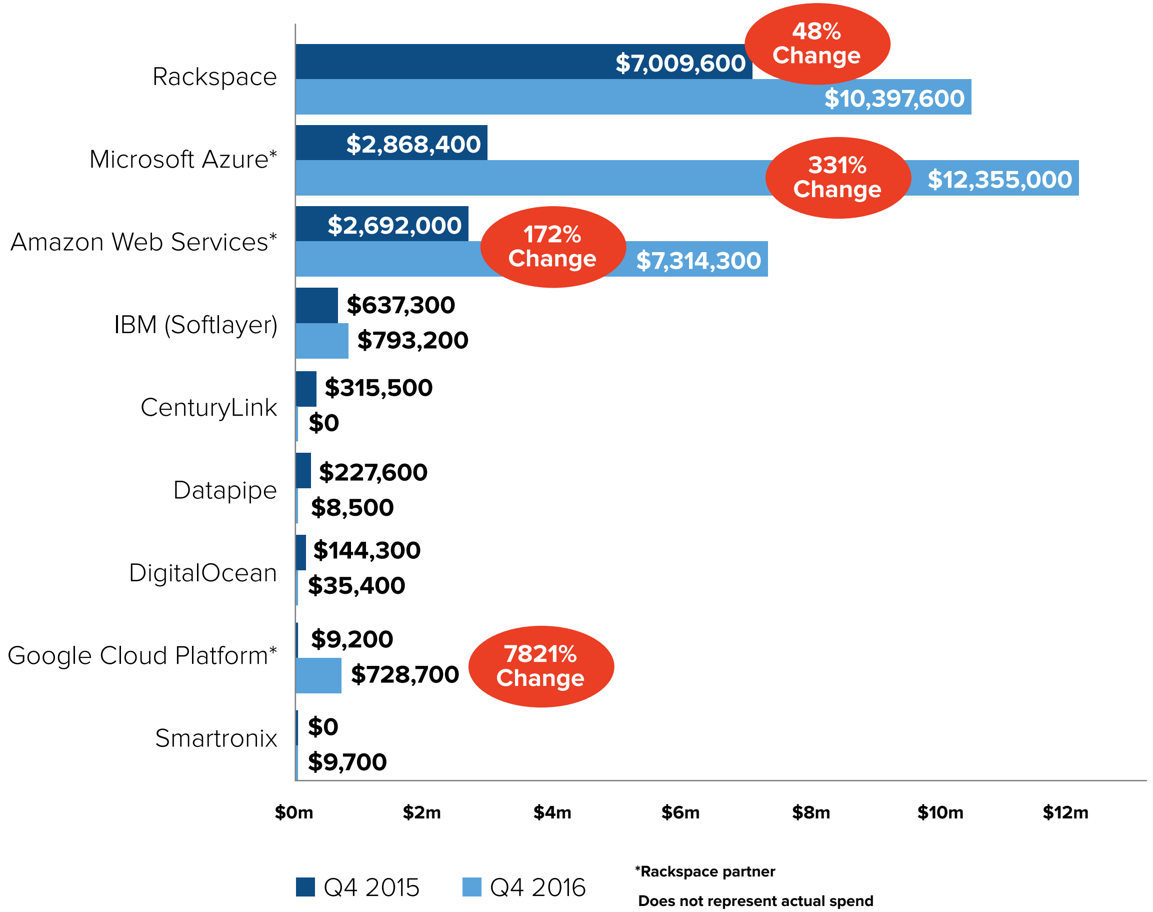
Share of Voice Has Continued To Struggle Since Its Dip In Q4 2016

- Rackspace share of voice
- Peaked in Q3 2016 with 37.25% as the highest SOV
- Dropped in Q4 2016 to 16.46 when competitor spending within the category increased
- Has remained relatively flat since then, is currently at 16.43% at the end of Q2 2017



Competitors Increased Media Investment Over 100% When We Launched In Q4

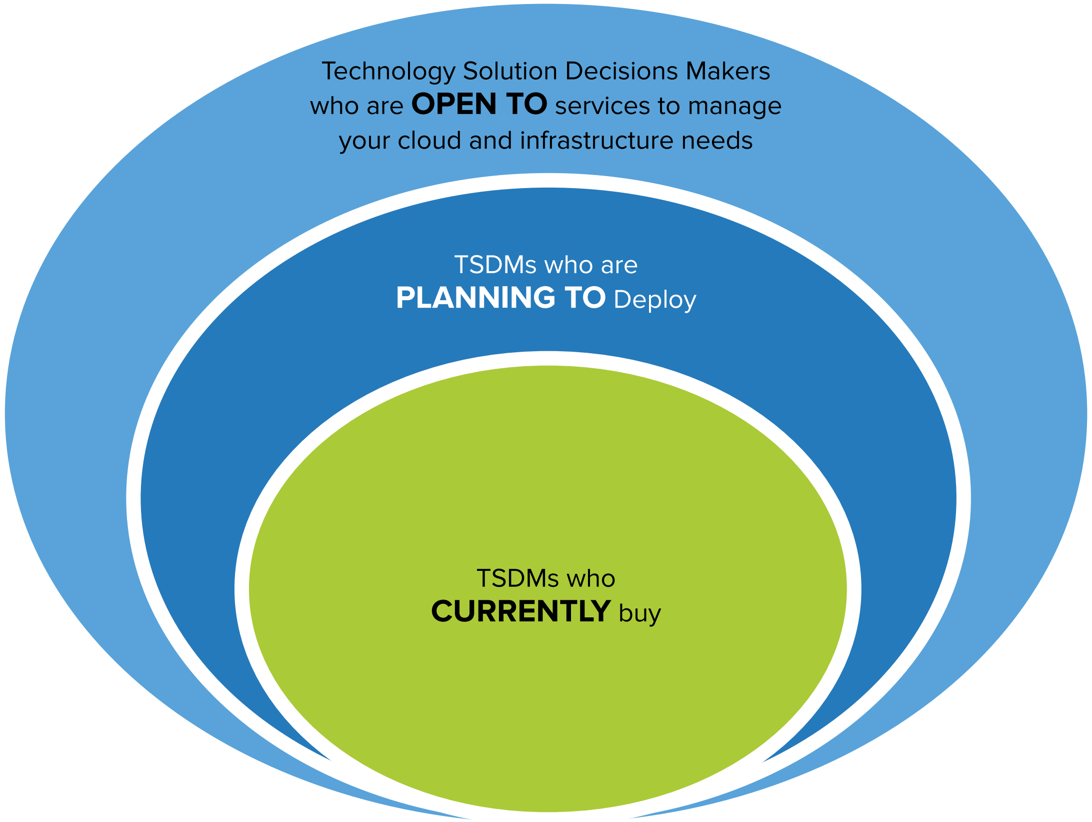
- Rackspace saw a 48% increase in media exposure value in Q4 2016. IMAC, launched in October 2016, contributed in part to this increase.
- But, Microsoft Azure, Amazon Web Services and Google Cloud Platform increased their Q4 media exposure values year-over-year at higher rates.
- The big players can also lean on their parent brand SOV.



*Rackspace partner

Does not represent actual spend

Frame of Reference for this Analysis



2017

Services to manage your cloud and infrastructure needs

- Bare Metal Server Hosting/ Dedicated Hosting
- IaaS
- Managed Web / Application Hosting
- Managed IaaS Public Cloud Services
- Managed Private Cloud

2015

3rd Party Provided IT Services

- Bare Metal Server Hosting/Dedicated Hosting
- IaaS
- Managed Hosting
- Cloud/Hosted App Services Management

The Insight Flow

- Core Brand Metrics “The Funnel”
- Key Rackspace Segments
- Brand Selection Attributes
- Media

Setting the Stage: The Dynamic Market

Since 2015, Public Cloud IaaS revenues have grown over

50%

Since 2015, major IaaS vendors have posted growth ranging from

38% to 153%

Multi-Cloud Management Platforms evolve and take center stage

- HPE acquires CTP
- Accenture launched AWS & Azure practices
- IBM acquires Gravitant

The Challenge

- Breaking through and being “heard” to generate awareness in the Multi-Cloud Management space will remain difficult in this environment.
  - » Competitive products are boosted by a halo effect of their high total brand media spends.
- Rackspace has improved converting those aware of the brand into considering and using the brand.

rackspace
the #1 managed cloud company

Multi-Cloud Management Platforms are solutions that enable IT organizations to operate multiple public and/or private cloud platforms through a consistent set of tools and workflows.

Rackspace Share of Voice (Y&R Excerpt)

“Even if we achieve a high SOV, we are unable to match our competitors’ total brand spend.”

These competitors’ products are boosted by a halo effect of high total media spends across their brands.*

Q2 Spends by Parent Company

amazon	Microsoft	IBM	Google	rackspace
$180M	$96M	$61M	$42M	$10M

* Source: Rackspace

IDC ANALYZE THE FUTURE

Rackspace Funnel Metrics - Singapore 2017

Core Brand Metrics	Rackspace	AWS	MZ Azure	IBM Cloud	Google Cloud Platform	Accenture	Datapipe	2nd Watch	Cloudreach
Aware	18%	67%	67%	71%	69%	42%	15%	7%	15%
Consider	10%	52%	54%	52%	57%	32%	13%	5%	11%
Use	6%	38%	35%	39%	40%	20%	9%	4%	8%
Loyal	3%	8%	7%	5%	8%	3%	1%	1%	1%

Retained Buyers by Stage	Rackspace	AWS	MZ Azure	IBM Cloud	Google Cloud Platform	Accenture	Datapipe	2nd Watch	Cloudreach
Attraction	57%	78%	81%	74%	82%	76%	89%	75%	77%
Conversion	56%	72%	65%	74%	69%	61%	66%	85%	68%
Commitment	43%	21%	21%	14%	19%	14%	15%	13%	9%