

A TALE OF TWO STARTUPS

A 4AM wake-up call to the dangers of cutting corners with your hosting provider

SYNOPSIS

A New York-based software innovation firm, GotCoders develops and manages e-commerce web sites and applications for Fortune 1000 companies and a myriad of startups. In September 2008, it found itself in the middle of site launches for two new companies. Their stories have similar origins, but have completely different outcomes.

The two new Web 2.0 startup companies hired GotCoders to develop their web sites. One was a social network that serves as an online guide to North American colleges for prospective applicants and their families. The other startup was an online provider of global print services.

GotCoders recommended Rackspace® Hosting as the hosting solution for both companies. However, only one chose to follow GotCoders' advice. To cut costs, the other went with a discounted hosting solution.

At launch, both companies experienced some of the common technical issues that come with online startups. The critical difference between their two experiences, however, was the level of service and expertise each company received from their clients providers. And, ultimately, that difference was why one of their sites suffered multiple critical failures at very critical times.

TWO VERY DIFFERENT STORIES

The University Social Network Story

GotCoders was contracted by the university social network client to help launch a new web-based environment that enables college students to share their experiences with graduating high school students. The site was developed to provide a platform to share reviews, photos and videos about campus life.

Working within the boundaries of financial constraints, the university social network site decided not to go with the recommended Rackspace solution and its proven Fanatical Support® customer service. They opted, instead, for a discount hosting provider that cut a lot of corners. It was a choice that went against the experienced judgment of the GotCoders launch team. In the long run, that choice ended up costing them significantly more money than they initially saved.

In the days leading up to the launch, GotCoders began to notice problems with the discount hosting provider's servers. Adam Cohen, a partner with GotCoders said they experienced their first complete failover on a Thursday. Coverage in the New York Times triggered a massive surge in site traffic on Friday. By early Saturday morning, due to a bad motherboard on one of the servers, the site had completely failed. The publicity had worked as planned. Unfortunately, the hosting provider did not.

"So we essentially launched this business and successfully gained coverage with a very positive New York Times story," said Cohen. "We had more than 60,000 people visit our client's new site with 300,000 hits in a single day...and then our servers crashed." But the worst was yet to come. When Cohen's team tried to contact their provider, a support technician actually told them they would be referred to the sales team on Monday morning. After a lengthy escalation process and several heated calls, the issue was resolved, albeit way too late.

"We were down for a good 12 or 13 hours," said Cohen. "By that time, our traffic had died off and we lost all the benefits of the great publicity that we had gained through the New York Times story. In addition to the lost leads and damaged credibility, our client lost a ton of money over a decision to save \$1,000 to \$2,000 a month with a less expensive hosting solution." While Cohen admits that it's not uncommon for startup sites to experience troubles, his client exposed itself to a combination of several risks that could have been easily avoided.

"Looking back, our client had to deal with a provider who couldn't identify a problem on its servers before launch and wouldn't listen to our suggestions that there might be a problem. A qualified technician was not available when we needed one the most. And we found out the servers they assigned to us were five years old," he said.

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The Online Global Print Provider Story

At the same time, GotCoders' other startup client also experienced an issue as it launched its site, but with a substantially different service experience through Rackspace.

The global online print provider used GotCoders to create a site and application that enables customers to connect with their choice of print providers anywhere in the world, making online printing easier and more convenient. For print providers, the Web site and application enable anyone with print capabilities to conduct business online.

"This is a very exciting client in that their business allows you to upload a document and print it to a local print provider," Cohen said. "And anyone with a printer can become a print provider and begin servicing print jobs in matter of minutes. But based on the interactions and the amount of data potentially uploaded, our client could end up creating heavy demands on the hosting solution."

Leading up the launch of the company's beta site, Cohen said his client experienced some issues with a network card that were quickly identified and resolved. Other minor problems were also experienced. But in all cases, Rackspace resolved their problems in a matter of minutes or hours instead of days.

THE SOLUTIONS AND BENEFITS

The University Social Network Story

The university social network eventually took Cohen's advice and converted to Rackspace. However, he believes that if they had gone with Rackspace originally, several pieces of their initial experience would have gone differently.

First, he believes Rackspace would have worked closely with him when GotCoders suspected a problem and found the damaged motherboard before launch. Second, he doubts Rackspace would have allowed such a critical application to run on a five-year-old sever. And third – and more importantly – had something gone wrong with Rackspace, he would have been able to connect with a knowledgeable technician with the expertise to resolve the issue quickly and with the business acumen to understand the critical nature of a complete failure after a New York Times story.

"For our startup clients, success depends on reliable technology" Cohen said. "And every second that a solution is offline or delayed during a launch is burning investment dollars that can't be easily recovered. When this happens you have resources idling, not making money, not connecting with customers, and eating away at your limited funding."

The Online Global Print Provider Story

As for the global print provider, their site is now operating with little or no issues. In fact, the company recently became the largest network of print providers in the world. But should a problem arise, Cohen is confident that, at any given time, they'll be able to reach the right person for a quick and accurate resolution. This confidence is based in large part on The Fanatical Support Promise™ and the Rackspace One-hour Hardware Replacement Guarantee. They make the painful hours of downtime the university social network site encountered highly unlikely.

In addition, the global print provider works with their dedicated Rackspace Support Team. Designed for their customer's operations and unique needs, the team is responsible for understanding both the customers and their specific configuration. Even more compelling is the fact that they have a single-point of contact – an Account Manager who is responsible for ensuring all of the company's infrastructure needs are met.

"From a CFO perspective, when our clients go with Rackspace, it makes good financial sense because things just work and there is a guarantee of accountability," said Cohen. "With the other provider, we paid less up front, only to pay far more later in downtime costs, missed opportunities and internal resources. When your core business is technology, and you cut corners on technology, you're going to assume a great deal of risks. And in the end, it's just not worth it."

If we have a problem with a Rackspace solution and need to call someone at 4 a.m. on a Saturday, we're not going to be told to contact sales on Monday morning. We know we're going to get someone who is an expert in our configuration and understands our business well enough to know that we can't wait another hour for a repair."

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