

Company Name: Rackspace Hosting, Inc. (RAX)
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<<Patrick Walravens, Analyst, JMP Securities LLC>>

Alright, why don't we go ahead and get started. So listen, we're just delighted to have Rackspace with us here today, and to my left is Taylor Rhodes, who is the President and CEO. And so what we're going to do is, Taylor we're going to have to tell us – because there is no slides, just for anyone who doesn't know, give us just two or three minutes max on Rackspace, what do they do? Then we're going to go through your background a little bit and then we'll talk about what's going on in the business.

<<Taylor Rhodes, President and Chief Executive Officer>>

Good deal, thanks. I appreciate the chance to be here again with you Pat. Thanks for having us. So Rackspace; for those who are new to the story, we have always offered our customers two core elements of the value proposition. The first is, we believe technology takes expertise and skills to run. For companies who don't want to run it themselves, we've always filled the gap by being the largest provider of, for instance Linux skills in the early days or Windows skills, et cetera; and as the technology advances into cloud and SaaS, that value proposition of providing expertise at scale is the first part.

So, RightScale just published their State of the Cloud Report. They've done in over a long period of time, so they've got a good heuristic and it was very interesting that the number one barrier to adoption right now has shifted to lack of expertise and skills. And so for us, that's always been the case. If you look back at technology shifts whether it was coming out of client server on the Internet, whether it was Internet into virtualization and whether now its virtualization into cloud, you always find these inflection point of a rush to the new technology and the new scarcity of the expertise and knows how to make it work.

So, first thing is expertise, which we call Fanatical Support. The second thing we've always done though is we are not a technology OEM, so we are very objective and we give our customer's choice of leading technologies. So in the early days, that was a Linux operating system or a Windows operating system; today importantly, it can be an OpenStack Cloud, it can be an AWS Cloud platform or a Microsoft Cloud platform and so the ability to offer expertise across those leading technology choices is the other element, and that, as you know, gets us into big, new growth markets where people that were trying to get on to those Cloud targets and looking for managed services to make them work.

And then just for people, to level that for everyone, it's a big Company right.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes.

<<Taylor Rhodes, President and Chief Executive Officer>>

Over \$2 billion and company that [indiscernible]

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Just \$2 billion.

<<Taylor Rhodes, President and Chief Executive Officer>>

We're about 6,300 employees.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes.

<<Taylor Rhodes, President and Chief Executive Officer>>

We just hit \$2 billion this year and so very proud of that achievement. Karl and I were talking, Karl Pichler is our CFO, and since we IPO-ed seven years ago we have quadrupled our revenue. And you see last year, we were able to grow earnings faster than revenue growth. We were able to increase adjusted free cash flow, nearly 20% so.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes. So and the stock is not far above the IPO price, [indiscernible]

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, there is an opportunity.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

There is opportunity so we'll talk about that. Let's start; just very high level and I ask everyone this question about how is business? What would you say?

<<Taylor Rhodes, President and Chief Executive Officer>>

It's exciting. I mean, I think you can see that in 2015, the big opportunity set for us was to broaden our portfolio of offers, right. Before 2014, we address the market primarily as the number one dedicated managed hosting provider and we address the market with an OpenStack public cloud. And so in 2015, the work has been to broaden the portfolio by bringing in Fanatical Support for AWS, by launching Fanatical Support with Microsoft Cloud. And then we've always, as you know, added valued infrastructure with new offers and so another major efforts

this year was to put Rackspace Managed Security so that we can go on top of that infrastructure and add value in a very sticky high-margins way as well.

So 2015 was year of product portfolio expansion, getting those into markets, really starting to put our go-to-market, marketing and sales engine behind them. And now, if you look at \$300 billion plus that's sitting in the corporate data center that is in play over the next five to 10 years.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes, we're going to come back to that...

<<Taylor Rhodes, President and Chief Executive Officer>>

And that puts us into play for that. So that was the big work.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Okay, so let's touch on your background a little bit. So, right out of school, did you go to military, when was that?

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, yes.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

What year is that?

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, that was – God, I can't remember, that 1993.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

And you did that for how long?

<<Taylor Rhodes, President and Chief Executive Officer>>

About 5.5 years.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

And so then 1998-1999, you came out from military.

<<Taylor Rhodes, President and Chief Executive Officer>>

Went back to B-School. I was a Marine, so I had to learn how to read and write and so went back to school and got an MBA at Carolina and...

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Well, this is a fun game. He doesn't look like that big a guy, right. So when you were a Marine, what did you bench press, at your peak?

<<Taylor Rhodes, President and Chief Executive Officer>>

I don't know. I don't even remember, but I could run three miles in less than 18 minutes.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

350.

<<Taylor Rhodes, President and Chief Executive Officer>>

But five plus years in the Marine Corps and MBA and then into Tech.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes. And so then joined Rackspace in -?

<<Taylor Rhodes, President and Chief Executive Officer>>

2007.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

2007? I mean, what role were you in when you first joined?

<<Taylor Rhodes, President and Chief Executive Officer>>

I was brought into be our...

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Oh no, we should do EDS? We should talk about EDS.

<<Taylor Rhodes, President and Chief Executive Officer>>

Sure. So, EDS was big enterprise outsourcing. It was largely servicing leading airlines and transportation companies running mainframes all the way through getting them off the mainframes into client server into the Internet era to delivering mission-critical systems for airlines and transportation companies. Been six years at EDS and then joined Rackspace. At Rackspace, my job was to lead our customer support, our Fanatical Support operations for our

larger customer set at the time. Rackspace at the time was a small company, but not tiny; but growing very fast.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes.

<<Taylor Rhodes, President and Chief Executive Officer>>

And as usually, as you grow very, very fast, there is a need to come in and think about how do you scale the business and that was my job initially, was delivering that expertise. And then in 2008, when global financial crisis hit, we were primarily an SMB hoster at the time, but we had just gone public, got lucky and 2008 came out, before everything froze up. And that coming public along with enterprises needing to find a new model, because remembers when the financial crisis hit, they were shutting data centers firing IBM. We got a chance to start serving larger customers. So we founded the Rackspace Enterprise team. And really, that was one of our growth engines who is helping us move up into the mid-market and the enterprise space.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Great. And so you became CEO of – how long has it been, two years?

<<Taylor Rhodes, President and Chief Executive Officer>>

It's been about 16 months, 17 months.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes.

<<Taylor Rhodes, President and Chief Executive Officer>>

I was in September of 2014.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes. And so tell us what you found when you became CEO and what things are like now in comparison?

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes. Well, Rackspace is a very strong cultured company, right. One of the ways that we add value to our customers is by having, for instance, more certified AWS guys than anybody else has and keeping them engaged and excited about serving customers and solving new problem. So, when you inherit a very strong cultured company and you have to take it through a change, sometimes you see some of the bumps along the way and we talked about the bumps in 2014 that

really stalled our momentum a bit. But I think, now what we see is that, Rackers are excited, they're fired up about the future; Rackers are learners. We have already, in just five months in the market we have achieved over 230 technical certifications on AWS fronts and over 11,000 business accreditations, and to me, that's the leading indicator of belief and excitement about our opportunity in the future.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Does that mean there is 230 people who are certified or...

<<Taylor Rhodes, President and Chief Executive Officer>>

No, it wouldn't be a direct count there, some of them will hold two. But it's not in a ballpark kind of like. I would say couple of 100, it already puts us into pretty tough [comp] in terms of the SEO economies of expertise around that Cloud.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Great. Right. So, maybe let's backup for a second and let's talk about what the strategy is around providing support on third-party cloud, Amazon, Microsoft, maybe Google and maybe for the audience, walk us through when you started offering into those?

<<Taylor Rhodes, President and Chief Executive Officer>>

So remember, back to consistency with our position over time. It's always been expertise at scale and choice of leading technology. So, one of the things that really was an eye-opener for us is as we considered the ways to win and serve the market best; in the old lens, we figured we have to win on OpenStack. In the new lens, we said no, these Clouds are now the choice. They are the winning choices of technology and there will be that gap in the market of managed services providers who can do it globally at scale with excellence like we have always done. So what we've done in 2015 is in July timeframe, we launched Fanatical Support for Azure and for the Microsoft Private Cloud.

We then launched, on October 6, Fanatical Support for AWS. What we see is a lot of data that says that, first of all customers are – the safeties are off. Essentially, they are moving out of their corporate data centers. They are going to be, what we call multi-Cloud buyers because companies are not homogenous. They're heterogeneous in their application set. And so you'll see CIOs say like, I've grown up with part of my shop written on Microsoft applications, part at Greenfield, where we have AWS, part of them running on VMware, Virtualized Workload. So they are looking for a portfolio of targets that has multiple Cloud options.

The second thing that we're seeing is, frankly, the increase in – as ubiquitous cheap Cloud infrastructure is now the plentiful supply. The scarcity again is, who knows how to manage a lot of amount of the changes, software and tools have exploded. So what we're seeing is that a large part of that market is what we call support seekers. We had Bain in with us a couple of summers ago and their estimate on that market was at somewhere between 20% and 40% will be managed

services buyers who will want a choice of technology infrastructure options, but who will say either I can't or I choose not to manage it myself.

And so, you think about whether the Cloud market is \$300 billion, \$500 billion or a \$100 billion, 20% to 40% that is a big target market and so we should be the leaders of that. We have the global scale and the heritage of running Cloud operations at scale. We have an asset internally called Rackspace University that lets us train and reposition technical skills at scale. Remember we've always done that overtime. We've been able to move as one from client server to the web, the web to Linux specifically, Linux to the VMware, VMware to Cloud and this notion of being able to train and equip and put out into the field very quickly at-scale expertise in Azure and AWS is one of our key advantages over other players in the market.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

And so, if we look at the competition that you're dealing with, as you're doing that, you have sort of the smaller guys, right the second watchers, and then you've got people worry that the Accenture's and Deloitte's and Capgemini's and all them will come in too. How should we think about you versus them?

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, I don't think they should worry because they're in right because they have to understand the business model. So an Accenture business model, for instance, is very much a professional services business model. It is, let me come in and consult with you at the front end about your application strategy. Let me then work with you on migration of those applications to the Cloud. But what Accenture, what Deloitte and the other SIs don't do is the ongoing sticky recurring revenue business model of actually operating, securing, governing these Clouds. And so, we often go to market with the SI's because we're a complement. They're in the front end, but they don't like to run the ongoing operations and so we'll often go to market together as a full offering.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Why don't they want to move into, I mean it seems like there is better business right, on operating side?

<<Taylor Rhodes, President and Chief Executive Officer>>

Well, it's a very different business. They need different skill sets, it's different profit profiles. What they want to do is they want to stay in the very capital-light part of the business model. They want to stay in the C-Suite. They want to be involved at the strategy level. And you saw over time, Accenture did have a period of time in the 1990s and 2000s when they went into the data center space and they were starting to get into it and they made a decision to get out, because they didn't like the capital intensity of the business model.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

But it's not capital intensive anymore if you're dealing with AWS.

<<Taylor Rhodes, President and Chief Executive Officer>>

It's skills, you have to develop software around these Clouds. So it's not capital free, but it is capita-light. But also the types of skills that you staff, if you think about an Accenture talent profile, it's very different than an ongoing set of Linux and Cloud system administrators and database administrators, et cetera. So it's a very different business model.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Alright, if I'm – and the price cuts have slowed down a lot versus, I'm taking about 2014, that were use of that March of 2014, yes. But to the extent that AWS cuts prices and Google follows or vice versa, how does that impact your model now?

<<Taylor Rhodes, President and Chief Executive Officer>>

So the way I think about it is that the \$10 billion of Cloud spend running at AWS today is exciting, but its \$10 billion off a roughly \$300- billion-plus target market and what's happened in the early days of Cloud is that the pump has been primed, the model has been proven. So we've seen the economics of Cloud prove out, we've seen the security and reliability of public Clouds prove out. And what we see now is that the competition is shifting from a pure price war to a product and feature breadth war, an ecosystem war. So I think what you'll see is that Moore's Law will continue to drive pricing of units down over time, but we're not seeing the huge tendency to go say hey, my next move is I'm cutting price by 30% again.

We see that also – and we're excited as we work with AWS, this is anecdotal feedback from them, not spreadsheet feedback. But what they see is that when they cut price a bit, they actually get more dollars than usage and we saw this at VMware in 2008. So if you remember, VMware came in the market and they I said virtualized servers, world needs fewer servers and people said, well that's going to be a bad thing for Rackspace because you make money on the number of servers and what really happened is that you're able to make customer's technology spend more efficient and more effective; they invest more in technology.

And so Amazon feedback is when we do have a price reduction, we may take a quick hit on the revenue from that customer, but they're more likely not to bring more applications in. So we see the price cuts as a way for us to participate in the growth rate going forward. We've been very deliberate to make sure that our value position, is in expertise and software around and on top of those Clouds like just humans sitting on top of it.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

But you charge as a percentage of what AWS is charging, so it doesn't impact you. Right.

<<Taylor Rhodes, President and Chief Executive Officer>>

We do with some barriers and caveats and sort of – it looks back over an average spent of period of time. So it's not one for one, but also what we'll see is that, if that helps customers who want to consume more Cloud, then we'll grow that way.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

So, the other thing that investors are really worried about is just; we keep seeing all these headlines, China and the Fed had got it wrong. And so, it occurs to us, well so things must be slowing out there. Are they? What do you think?

<<Taylor Rhodes, President and Chief Executive Officer>>

I think, if you compare back to 2008 we're definitely not seeing the sudden slowdown. We're not directly seeing a measurable slowdown right now, but you can definitely imagine that as companies are uncertain about their own sales or they're getting whacked by FX coming back and you will start to see some of that; let me reevaluate this project. Let me make sure I really need it. You'll see some of that; let me get one more approval before I sign, so you'll see an elongation of sales cycle. So, we've built in a little bit of the uncertainty and macro into our guidance for 2016 because, inevitably you'll see people take a little longer to make decisions and potentially the first decision.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Yes, have you actually seen it yet?

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, I think the thing we can see so far is that you can definitely get a sense that people are double checking. So, it hasn't been a huge effect yes, but you absolutely see people saying, you know what, we have the budget for this. I think we should be able to do -- I'm going to go back and check one more time.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

I think we still have the budget, let me double check.

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes, absolutely.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Alright, and then you brought in a new head of Sales, right. So there has been some turnover there, what were you looking for in the new guy and what changes has he made so far.

<<Taylor Rhodes, President and Chief Executive Officer>>

Yes. Alex Pinchev is a 30-year veteran of the technology space and in both software and infrastructure side. I think, Alex's most famous tour of duty was he joined Red Hat, sub-\$100 million in revenue and help take it to north of \$1 billion. Really a company that was figuring out what do I do, focus more software in the education space to becoming arguably the leader in Linux and the Enterprise Software space. So Alex was -- I was looking for somebody who have three things.

One, somebody who has built sales and go-to-market models and up to scale, then somebody who has operated them at scale and somebody, who is global. We have about 30% of our revenue outside of the U.S. and we're underrepresented in certain market where there should be a good opportunity and as we move further into the mid-market and enterprise, our customers want to effect globally. So Alex has a very global remit. He still sit and run businesses around the world in over 30 countries.

Changes so far, Alex has come in and I think in the short run, I think he is an energetic driver. His nickname at Red Hat was The Diesel. He's always on, always driving. So he has brought in a kind of recharge. He has positioned some of our selling resources against these new offers, as you would expect him to do. And I think his big focus is on getting...

<<Patrick Walravens, Analyst, JMP Securities LLC>>

That's mean taken sales people and put them in-charge of selling...

<<Taylor Rhodes, President and Chief Executive Officer>>

In our core business where you've got a bit more maturity in terms of the growth rate. One of the things we're doing this year is creating operating leverage by being able to re-position folks to new. So, he is taking some marketing and some sales engine and put in front the new offers. And then also, I think the other thing, if you remember back in 2014, we were on a very good acquisition run. We were acquiring lots of new customers every single quarter and large customers. And so Alex has really put the focus back on acquiring a certain number of customers every quarter. But then I think one of the most exciting things for us is when Rackspace was really at its best, our installed base growth was the key driver.

We would win a new customer where it's not so great, we would put it into Fanatical Support and within a fairly predictable time, we get workload number two or three. And we've just seen, frankly, more of those incremental workloads go into AWS and Azure in the last couple of years. Now you look at our core business, which is stable and growing as an asset to go in and cross-sell and up-sell. These are incremental workloads. Our first four months out of the gate with AWS, very encouraging statistic is that the majority of the customers are still net new to Rackspace, which means it's a market expander. But of the installed base customers, the vast majority are bringing us a new workload and so being able to get back to cross-selling and up-selling into that base using the new offer to go do that is a big focus.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Okay, I've gone through like a third of my questions but, yes, go ahead and start, Will?

Q&A

<Q>: [Question Inaudible]

<A – Taylor Rhodes>: Can you repeat it because he wasn't had a mike.

<Q – Patrick Walravens>: I think your question is when Cloud-price cut, so when an AWS or Azure price cut got effect, was that what you're focused on? And what would you see from Rackspace, is that the question?

<Q>: [Question Inaudible]

<A – Taylor Rhodes>: Well, so remember customers will participate in the infrastructure price cut from Amazon. So, if Amazon lowers its pricing that will flow through to the customers, right. There is a couple of things to consider. The first is that we have the ability to add value on top of that and so what we are focused on is the economics that come from the service layer on top and the value-added software, also the ability to sell those customers things like Rackspace Managed Security on top and around them. But, yes, they would participate in the infrastructure price decrease.

The second thing to consider, these are new offers and so, on a \$2 billion base, while we will see these new offers become a disproportionate out of our new bookings, it will take time for the corporate economics to feel the actual mix of this business become substantial. So we've done lots of modeling, taking into account scenarios around price reductions in the industry, mix of business change overtime and we can feel very comfortable at least over the next three years plus. Our corporate EBITDA margins will remain above 30%. And so, remember, this will take time for these to play out. I think what you want to see from us is in the next year plus, you want to see the new bookings coming in being disproportionately weighted toward things like AWS for Microsoft Cloud, Rackspace Managed Security, OpenStack private Cloud, those are the future growth drivers and that will show up in bookings first before it really turns into revenue. Does that help?

<Q – Patrick Walravens>: Okay. So 2020 hindsight, could the OpenStack public Cloud had worked, has you done something differently; if Rackspace had done something differently? If you look at now, Amazon is so dominating, you are like Gosh, thinks like there was...

<A – Taylor Rhodes>: Yes, a huge opportunity there. You know what's amazing is that OpenStack is arguably the third largest Cloud in the world and behind maybe, it could might even be the second, there is so much Cloud washing off metrics of the companies. But the OpenStack changed the industry in a very important way and it created competition, it created -- it spawned off new and important open source activities like OpenPower and OpenCompute, but could it have become the winner? Maybe, but it's one of those things where we don't see

OpenStack at all as a failure. It got us into a new place to play, which is Cloud. We see a changing shape which is, when we founded it, our crystal ball said it's going to be a public cloud platform that rivals AWS. What it's really turning into is a private Cloud platform that will give customers running stacks inside of their corporate data center, an alternative for a private cloud architecture.

And I think that importantly, not only in the RightScale report that's been the recent primary research report out at the end of last year, it's really interesting to see the intention to have a private cloud as part of your overall strategy has increased year-over-year from 2015 to 2016. So, we see OpenStack changing shape and we see it's a very attractive add-on to our portfolio of leading public Cloud to be able to say we are the leading single tenant, we're dedicated host and provider.

<Q – Patrick Walravens>: Alright, so a former Racker who you know well, apparently lot smarter than I am, here is his analysis. So tell me what you think? He said, what happened is that OpenStack open source community splintering into two. So there was the private Cloud and there was the public Cloud and all the Dell's and EMC's and all those guys put the resources into the private Cloud, but the real opportunity was on the public side. And in the end, we just didn't put enough resources in it, Racks and everyone else; the open source community and it just fell way too far behind and it is tragic, it is loss of a huge opportunity. Do you agree with that analysis or not really?

<A – Taylor Rhodes>: Look, I think anytime you are in an open source community, the threat of splintering and the lack of a singular focus is part of the risk you take on and you certainly saw that. You saw the rest of world and other have more interest in creating a proprietary software distribution around OpenStack domain and so they were contributing to the community. But look for us, the good news is we have to win with OpenStack public Cloud. We can serve customers on that, we prefer it.

<Q – Patrick Walravens>: Yes.

<A – Taylor Rhodes>: Customers are sticky many, many of them like OpenStack, not because it's OpenStack, they're simply support seekers. They want someone else to run their Cloud. And the other part of that population, it's very important to understanding is that many of them connect to our dedicated servers and those are some of our highest growth stickiest customers in there. So we can do well retaining that customer base, growing that base, but then, participate in the AWS Azure marketplace and that's the exciting new news for us

<Q – Patrick Walravens>: Yes, so your free cash flow went through the roof, it's like twice what I was modeling, right. So what's your goal in terms of what this business ought to be able to do in terms of free cash flow for the next couple of years?

<A – Taylor Rhodes>: Yes. So, there is two drivers of free cash flow growth in our business. The one is, as our core businesses mature and slow in their growth rates, we will spend less on customer gear. So, we've always said that as our growth slows, we'll buy less success-based customer gear, which means that capital intensity goes down, free cash flow goes up. The second

is, as these new businesses play out and become an increasing part of our bookings contraction, these are capitalized businesses. So the convergence of both of those factors you saw in 2015 will drive adjusted free cash flow up. I think adjusted free cash flow was up 20% year-over-year. And so well ahead of our revenue growth rate.

<Q – Patrick Walravens>: Yes.

<A – Taylor Rhodes>: And you should expect that overtime, that our free cash flow margin will continue to increase as these two effects play out.

<Q – Patrick Walravens>: How high can it go?

<A – Taylor Rhodes>: Well, let's talk about that next year Pat.

<Q – Patrick Walravens>: Anything else, we have 40 seconds, I got one more, but anything else from our audience? Right. So, what percentage of bookings are the new things now and what are some of the milestones we should look forward?

<A – Taylor Rhodes>: We haven't shared that yet, so I'm not going to share it today. I want to be careful, the comments we made on the last call and be consistent with those. But, if you think about what we said, is that these will take time to become a material part of the revenue, but in that period of time what you should look for is our stats like we shared on the last call, how many new customers are we winning?

<Q – Patrick Walravens>: Yes.

<A – Taylor Rhodes>: What's the profile looks? Where they buying higher service level or lower service level? Are they net new to Rackspace or they cannibalization? And so the thing that I manage this on day-by-day is what percentage of our bookings pipeline is represented by these new offers and that's a healthy leading indicators for me. So, next year maybe I can tell that one.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Thank you so much for coming. We really appreciate it.

<<Taylor Rhodes, President and Chief Executive Officer>>

Thanks Pat. Thanks for having me. Appreciate it.

<<Patrick Walravens, Analyst, JMP Securities LLC>>

Thank you all.