



**System and Organization Controls (SOC) 3 Report
Security and Availability**

Report on Rackspace's Description of its Data Center Services System and on the Suitability of the Design and Operating Effectiveness of Controls to meet the criteria for the security and availability principles throughout the Period November 1, 2016 to October 31, 2017

Prepared in Accordance with AT-C 205 pursuant to TSP Section 100A:
Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Principles and Criteria, issued March 2016)

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I. Report of Independent Accountants

To the Management of Rackspace US, Inc.

We have examined the accompanying management assertion of Rackspace US, Inc. ("Rackspace") that throughout the period November 1, 2016 to October 31, 2017, Rackspace maintained effective controls over the Data Center Services system¹ (the system) that were suitably designed and operating effectively to provide reasonable assurance that the system:

- was protected against unauthorized access, use, or modification to meet the entity's commitments and system requirements; and
- was available for operation and use to meet the entity's commitments and system requirements

based on the criteria for the security and availability principles set forth in TSP section 100A, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Principles and Criteria*, issued March 2016) ("applicable trust services criteria"). Rackspace management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion, which includes (1) obtaining an understanding of Rackspace's relevant controls over the security and availability of the Data Center Services system, (2) testing and evaluating the operating effectiveness of the controls, and (3) performing such other procedures as we considered necessary in the circumstances. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Because of their nature and inherent limitations, controls at a service organization may not always operate effectively to meet the applicable trust services criteria. Also, the projection to the future of any conclusions about the suitability of the design or operating effectiveness of the controls to meet the applicable trust services criteria is subject to the risks that the system may change or that controls at a service organization may become ineffective or fail.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the applicable trust services criteria.

PRICE WATERHOUSE COOPERS LLP

San Antonio, Texas
February 2, 2018

¹ The scope of this report pertains to the Dedicated Hosting business services only.

II. Management of Rackspace's Assertion Regarding Its Data Center Services System throughout the period November 1, 2016 to October 31, 2017

Throughout the period November 1, 2016 to October 31, 2017, Rackspace maintained effective controls over the Data Center Services system (the system) that were suitably designed and operating effectively to provide reasonable assurance that the system:

- was protected against unauthorized access, use, or modification to meet the entity's commitments and system requirements; and
- was available for operation and use to meet the entity's commitments and system requirements

based on the criteria to meet the security and availability principles set forth in TSP Section 100A, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Principles and Criteria*, issued March 2016). Our attached Rackspace's Description of the Data Center Services System identifies the aspects of the system covered by our assertion throughout the period November 1, 2016 to October 31, 2017.

Rackspace US, Inc.

III. Rackspace's Description of the Data Center Services System

A. System Overview

Company Background

Rackspace US, Inc. ("Rackspace") began operations in December 1998 to provide managed web hosting services to small to medium sized businesses on tools including AWS, VMware, Microsoft, OpenStack, and others. Today, Rackspace serves over 300,000 customers in thirteen data centers worldwide. Currently, Rackspace employs over 6,000 people (Rackers) around the world.

Rackspace integrates the industry's leading technologies and practices for each customer's specific need and delivers it as a service via the company's commitment to Fanatical Support®.

Data Center Services Overview

Rackspace serves a broad range of customers with diverse hosting needs and requirements. Rackspace is segmented into business units. They include:

- Dedicated Hosting (Managed Hosting);
- Managed Colocation;
- Hybrid Hosting;
- Cloud, Fanatical Support® for technologies; and
- E-mail and Apps.

Managed Colocation serves clients that have significant in-house expertise and only require support around physical infrastructure. Rackspace Hybrid Hosting offers a combination of hosting services that enables customers to use managed hosting and cloud services under one account. Rackspace Fanatical Support® for technologies includes in-house expertise in support of AWS, VMware, Microsoft, OpenStack and others. The scope of this report only pertains to the Dedicated Hosting business unit and not the other services.

Data Center Services Boundaries and Scope of Report

This report includes the components, infrastructure, network devices, infrastructure software, and physical data center facilities for the Data Center Services System.

This report does not extend to application and business process controls, automated application controls, or hosted application key reports that may be contained within the data center services boundaries. Additionally, this report does not extend to the workloads (data, files, information) sent by Rackspace's customers to the Data Center Services System. The integrity and conformity with regulatory requirements of such data are solely the responsibilities of the applicable Data Center Services customer.

The system boundaries relating to this SOC 3 report start at the edge/entry point of the network and extend through the corporate network domain and includes the dedicated infrastructure environment.

This report is limited to the Data Center Services across various office locations (San Antonio, Texas and Hayes, United Kingdom), the Rackspace owned (DFW1, LON3) data center facilities, and the leased data center facilities (ORD1, IAD2, IAD3, DFW2, DFW3, LON5, HKG1, SYD2, SYD4, FRA1).

For the leased data center facilities (ORD1, IAD2, IAD3, DFW2, DFW3, LON5, HKG1, SYD2, SYD4, and FRA1), Rackspace maintains direct monitoring controls, including annual risk assessments, a review of third party reports, and periodic touchpoints with the operators of the data centers to provide coverage over the physical and environmental controls performed at those data centers.

B. System Components

(1) Infrastructure

System components supporting both the corporate network and the dedicated environment are included. This includes (but is not limited to):

- Networking equipment (switches, routers, firewalls, load balancers)
- Customer servers (dedicated environment)
- Physical and environmental security equipment at the data centers (cameras, badge readers, fire suppression)

Tools and/or Services Supporting Customers

Rackspace provides some tools and services for customers based upon their request and direction. Some of these tools include:

- MyRackspace Customer Portal –web application where Rackspace customers may login to access account information regarding their Rackspace services as well as request updates to their environment.
- Intensive Anti-Virus – customers may request that Rackspace install Sophos A/V agents on customer servers and provide on-going operational support for A/V solution.
- Managed Backup –a collection of servers in each data center utilized to provide data backup services for customers.
- Managed Storage –network attached storage in support of customers in virtualized environments as well as customers expanding storage requirements beyond their physical dedicated server offerings.
- Segment Support Patching –operating systems patching and update servers for supporting operating systems at the request of customers. *Customers are responsible for all validation of these activities in line with their compliance requirements.*
- Rackspace Virtual Infrastructure - includes all management components of the virtualized infrastructure hosting service.

(2) Software

Authentication/Authorization Services & Isolation Mechanisms

Rackspace has implemented a series of tools that support authentication and authorization of individuals. Technologies included in the system boundaries:

- Directory services tools.
- Authentication, authorization, and accounting tools for managing access to network components.
- Authentication management tools.

Security Tools

Multiple technologies are employed throughout the environment to enable information security controls and monitoring, including the following:

- Anti-virus/anti-malware
- Intrusion Detection System
- Logging tools

(3) People

Rackspace is segmented into business units. They include: Dedicated Hosting (Managed Hosting), Hybrid Hosting, Managed Colocation, Cloud, Fanatical Support® for technologies, E-mail and Apps. Each segment is led by a segment leader.

Eight global functions support these segments:

- Engineering
- Accounting & Finance
- Legal
- Employee Services
- Sales & Marketing
- Information Technology
- Corporate Development/Strategy
- Global Enterprise Security

These global functions have been established to provide capabilities to complement the segments, and to realize economies of scale and quality control. The leaders of the various global functions, the segment leaders, and corporate officers make up the Rackspace Leadership Team. The Rackspace Leadership Team actively supports information security within Rackspace through clear direction, demonstrated commitment, explicit assignment, and acknowledgement of information security responsibilities.

Rackspace is committed to hiring and retaining the best talent to provide fanatical support. Rackspace conducts a security background check/screening in accordance with company policy as well as all applicable local, state, federal, and regional laws.

(4) Procedures

Rackspace management is responsible for directing and controlling operations and for establishing, communicating and monitoring policies, standards and procedures. Rackspace achieves operational and strategic compliance to the company's overall objectives through proper preparation, planning, execution and governance.

Importance is placed on maintaining sound and effective internal controls and the integrity and ethical values of all Rackspace personnel. Rackspace takes actions to address risks to the achievement of these objectives by making available the organizational values and behavioral standards in the Rackspace Employee Handbook.

Rackspace promotes a culture based on core values defined by management and carried out by all Rackspace employees. These core values complement the company's ethical values, integrity model, professional conduct standards, and employee development pathways. The sum of these values and behaviors form Rackspace's unique environment by influencing the control consciousness of its employees.

(5) Data

Data as defined by Rackspace constitutes the following:

- Data describing customer attributes
- HR Data supporting controls such as background checks
- Device configuration
- System files

- Error logs
- Access administration logs
- Electronic interface files

This report does not cover any customer data that is housed on Rackspace controlled infrastructure. Rackspace takes no responsibility for the data on their systems and does not perform any control procedures to ensure that customer data is maintained completely and accurately.