Rackspace customers grapple with “devastating” email hosting price hike

Rackspace’s new pricing for its email hosting services is “devastating,” according to a partner that has been using Rackspace as its email provider since 1999.

In recent weeks, Rackspace updated its email hosting pricing. Its standard plan is now $10 per mailbox per month. Businesses can also pay for the Rackspace Email Plus add-on for an extra $2/mailbox/month (for “file storage, mobile sync, Office-compatible apps, and messaging”), and the Archiving add-on for an extra $6/mailbox/month (for unlimited storage).

As recently as November 2025, Rackspace charged $3/mailbox/month for its Standard plan, and an extra $1/mailbox/month for the Email Plus add-on, and an additional $3/mailbox/month for the Archival add-on, according to the Internet Archive’s Wayback Machine.

Rackspace’s reseller partners have been especially vocal about the impacts of the new pricing.

In a blog post on Thursday, web hosting service provider and Rackspace reseller Laughing Squid said Rackspace is “increasing our email pricing by an astronomical 706 percent, with only a month-and-a half’s notice.”

Laughing Squid founder Scott Beale told Ars Technica that he received the “devastating” news via email on Wednesday. The last time Rackspace increased Laughing Squid’s email prices was by 55 percent in 2019, he said.

“The price increase has a major impact on the ability to make money due to the fact that email is now our largest expense, and we were only given a month-and-a-half notice,” Beale told Ars.

Online, there are reports of Rackspace partners being quoted email pricing increases of 110 percent to nearly 500 percent. The reports say that the new, higher-per-mailbox quotes don’t include volume pricing discounts. Beale noted that Laughing Squid’s quote doesn’t include discounts that the company previously received.

https://arstechnica.com/information-technology/2026/01/rackspace-raises-email-hosting-prices-by-as-much-as-706-percent/