

Japan's NTT buys US cloud computing firms for \$875 mn

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Telecom network cables are pictured in Paris, on June 30, 2013

NTT Communications said Monday it would pay a combined \$875 million for two US-based cloud computing firms, marking the latest major overseas acquisition by a Japanese firm.

The telecoms giant said it had agreed to buy Virtela for \$525 million, while it would shell out \$350 million for an 80 percent stake in RagingWire as it looks to boost its ability to supply online access to

software and [data storage](#) for big global clients.

The deals come as NTT looks to counter a slowdown in its mainstay long-distance telecom business.

"The acquisition (of RagingWire) will more than double NTT's data centre space in the US, which will enable the company to respond to high demand for data centre services in North America," it said in a statement.

It added that the deal was "critical to increasing our overall capacity".

The global cloud services market for corporate users is expected to reach \$31.9 billion in 2017, a 70 percent jump from last year.

NTT owns undersea cables and other lines between Europe and the US, but to meet the needs of corporate clients seeking global networks that link offices and plants in different markets, it must obtain line access in each nation from individual providers.

However, Virtela has data networks connecting companies in about 190 countries through partnerships with local data communications providers.

By acquiring the company, NTT would gain instant access to [data communication](#) networks that straddle national borders. That would make it easier to set up communication infrastructure for customers scattered worldwide, and cut costs linked to dealing with individual providers.

The deal announced Monday is the latest in a string of acquisitions by Japanese firms, including mobile carrier SoftBank's \$21.6 billion takeover of US-based SprintNextel earlier this year.

Last month, drinks giant Suntory said it would buy the top-selling Lucozade and Ribena brands from British drugs firm GlaxoSmithKline (GSK) for \$2.1 billion, while bathroom giant Lixil Group agreed to scoop up Germany's Grohe in a \$4.1 billion deal.

The moves are aimed at expanding beyond Japan's borders, where firms are wrestling with unfavourable demographics as the population rapidly ages while the birth rate falls.

Despite a sharp decline in the yen since the start of the year, the Japanese currency's historically high levels in recent years made firms' overseas acquisitions relatively cheaper.

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