

# Netmagic sees strong demand and will launch two new datacenters in 2018

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Netmagic, an NTT Communications (NTT) company based in Mumbai, has nearly sold out its recently built datacenter in the city and plans to launch a larger facility there next year, as well as a new one in Bangalore. The provider will also add some software-defined networking (SDN) components to its existing disaster recovery (DR) and security products. In Mumbai, Netmagic supports customers from a variety of industries, including financial services, and it also partners with several large-scale global enterprises, particularly from the IT sector. With the new datacenters in both Mumbai and Bangalore, Netmagic is hoping to appeal to hyperscale cloud providers, a growing number of which are seeking datacenter space to better target India's vast market.

## The 451 Take

Over the past few years, Netmagic's relationship with global provider NTT in India has come to full fruition. The company has nearly sold out one large-scale facility and is in the process of completing construction on one more in Mumbai and one in Bangalore. In Mumbai, the upcoming datacenter is already almost fully preleased, with much of the activity at a wholesale level and coming from global enterprises. We believe that NTT has boosted not only Netmagic's operational capacity, but also its international brand recognition and ability to win business. These factors, combined with the provider's mature suite of managed services, have enabled Netmagic to take full advantage of the Indian datacenter market's recent rapid expansion. Its growth trajectory going forward may be hindered by the increasing competition in the industry from both the country's expanding crop of domestic players as well as possible future international entrants, rather than any question of ambition or execution on its own part.

## Context

Netmagic was founded in 1998. Between 2007 and 2015, the firm built seven datacenters and in 2012 it was acquired by global Japanese provider NTT Communications. Now, it focuses on offering customers [managed and hybrid cloud](#)

[services](#). Its clients often hail from the financial services, manufacturing, online content and IT sectors.

The company currently owns four centrally located facilities in Mumbai alone, with another under construction. These include two in Vikhroli (22,000 and 60,000 gross square feet, respectively), one where the Bombay Stock Exchange is located (22,000 gross square feet) and one completed in 2015 in the Chandivali area (300,000 gross square feet). In Bangalore, India's IT hub, Netmagic currently has one datacenter built and another under construction. The company also has one facility in Noida, near Delhi, India's capital, and one in Chennai, a major subsea cable landing destination in the southern part of the country.

## Facilities

Netmagic's 80,000-operational-square-foot Chandivali datacenter is the company's most recently built facility, launched in October 2015. It is impressively located on a hill in a relatively central, mostly residential area of the city. The datacenter hosts 2,700 racks and is supported by a total of 24MW of power supplied by Tata Power, the country's largest supplier. It has filled up in less than two years.

In the Chandivali building, Netmagic offers a mix of retail colocation, wholesale and managed datacenter services. On the hosting side, the provider is very active in the increasingly popular DR space and leverages a DR-as-a-service offering through a strategic partnership with a local IBM-owned company. Netmagic also maintains a suite of managed security services and hopes to soon roll out a new SDN product as well. The company is willing to bundle any combination of these services for potential customers. In addition, Netmagic helps customers migrate their IT infrastructure and works with Dimension Data, also owned by NTT, on this front. Overall, several channel partners account for 20% of Netmagic's overall revenue. Another 15% of its business comes from its international on-premises IT management practice.

The company's upcoming Mumbai datacenter will boast over 85,000 operational square feet and be supported by 15MW of power. In Bangalore, the new facility will leverage almost 62,000 square feet of raised floor space and utilize up to 10MW of power.

## Customers

As noted, Netmagic leases out entire data floors of its new datacenter but also reserves some rooms for retail colocation. There is a cloud computing center in the building, as well as available customer office space. As indicated by the company's expansion, the facility is at this point completely sold out. In fact, Netmagic plans that the next Mumbai datacenter, which is 75% preleased on a wholesale basis already,

will be in the same position within a year of its opening. Currently, Netmagic's customers in this facility utilize 4-12kW per rack, with many using 8kW and above.

As far as verticals are concerned, Netmagic sees a diverse set in its customer base, ranging from financial services and online content to large-scale enterprises and even manufacturing (a small but growing segment for the company). Since Netmagic was recently placed on a preapproved list of colocation providers by the Indian government, it has even seen some business from local governments. Apart from large banks, many local enterprises are taking advantage of Netmagic's managed services and cloud products. However, the company reports that over 50% of its colocation business comes from global firms, including many IT service providers. In the coming years, the company anticipates a further spike in demand from hyperscale cloud providers investing more resources in the vast India market, some of which has started to happen already.

## Competition

As one of India's largest colocation suppliers by operational square footage, Netmagic competes with all of the country's growing crop of providers. This set of players features [ST Telemedia Global Data Centres](#) (STT GDC), which bought a majority stake of Tata Communications' datacenter business in 2014. The list also includes [Nxtra Data](#), a subsidiary of domestic carrier Bharti Airtel and actually a customer of Netmagic's in Mumbai (although not in Delhi, where Airtel is based); and [CtrlS, a Hyderabad-based provider](#). When targeting local enterprises, Netmagic vies with New York City-based [GPX Global Systems](#) and homegrown ESDS.

On the managed hosting side, Netmagic goes up against the larger companies in India's growing field. [Sify Technologies](#) is a member of this group, as is [NxtGen](#). As far as cloud goes, the provider's globally recognized NTT brand name sees it fight for business with Amazon Web Services and Microsoft Azure. However, Netmagic believes that coming consolidation in the India datacenter market, including further international entrants, may change the landscape.

## SWOT Analysis

### *Strengths*

With NTT as its parent company, Netmagic can draw from an enormous pool of resources to expand both its operations and services set. Crucially, the company is now also backed by a globally recognized name brand.

### *Weaknesses*

With its newest building sold out and a coming structure already mostly full, one concern for Netmagic could be a future gap between anticipated supply and growing demand.

### *Opportunities*

With its massive population, India is quickly becoming a major destination for the world's hyperscale cloud providers, which are likely to make use of a provider like Netmagic with its centrally located, large-scale chunks of space.

### *Threats*

As hyperscale cloud providers and other international IT service firms specialize in technology, they may not utilize the managed hosting products in which Netmagic has recently invested a lot of resources.